

OVERSEAS MOVING
BY MICHAEL GERSON
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WORLD NEWS

Government sets out ILEA plan

The Labour-controlled Inner London Education Authority is likely to disappear in its present form within three years. Education Secretary Kenneth Baker released a consultation paper setting out the terms on which boroughs will be able to opt out of ILEA and run their own education service. Three Conservative boroughs - Kensington and Chelsea, Westminster and Wandsworth - are already planning to leave ILEA. **Back Page**

Tebbit to resign

Mr Norman Tebbit is set to step down as Conservative Party chairman after the party's conference in Blackpool next month. Lord Young, Trade and Industry Secretary, is expected to succeed him. **Page 4**

Merger support likely

Liberal leaders are confident of overwhelming support for the principle of merger with the Social Democratic Party at their assembly in Harrogate. Allies of party leader David Steel predict a majority of 10 to 1. **Back Page**

TUC post for Jenkins

Clive Jenkins, general secretary of the science and technical union, ASTMS, was elected chair of the new TUC General Council which met immediately after the close of the Blackpool Congress. **Page 5**

Pretoria constitution plan

The South African Government issued revised proposals for a national statutory council in which blacks would be able to discuss policy and help draw up a new constitution. **Page 3**

Ceasefire in Chad

Libya and Chad have agreed to a ceasefire in their conflict over the Aouzou Strip. Chad made acceptance of any ceasefire dependent on an immediate convening of the Organisation of African Unity's special committee of this dispute. **Page 3**

RAF men face charges

Two RAF men face prosecution for allegedly injuring a policeman in a brawl before England's soccer match with West Germany in Düsseldorf on Wednesday.

Ryan's house razed

The Hungerford house where the killer Michael Ryan lived was flattened by bulldozers. Newbury District Council decided against repairing the house.

US base threat

Portugal will negotiate a treaty that allows the US to use an air base on the Azores unless the US offers it more aid.

Unionist quits

General secretary of the Official Unionist Party Frank Miller has resigned to take a television job. **Page 4**

Double Irish raid

Armed gangs netted £3,000 in simultaneous raids on two banks in Castlepollard in County Westmeath in Ireland. The raids were similar to those thought to have been carried out by the Irish National Liberation Army in recent months.

Israeli adviser sacked

Amiram Nir, a key Israeli figure to the Iran arms scandal, was removed from his post as Prime Minister Yitzhak Shamir's adviser on counter-terrorism. Lt Col Oliver North said Nir initiated the transfer of proceeds from the arms sales to the Contras.

MARKETS

DOLLAR

New York lunchtime:
DM 1.7975
FFr 6.0135
Sfr 1.488
Y142.6
London:
DM 1.8005 (L908)
FFr 6.025 (L942)
Sfr 1.495 (L95)
Y142.6 (L95)
Dollar index 100.4 (100.3)
Tokyo close Y142.53

US LUNCHTIME RATES

Fed Funds 7.5%
3-month Treasury Bills:
yield: 6.52%
Long Bond: 9.4%
yield: 9.47%

GOLD

New York: Comex Dec latest
\$465.1
London: \$459 (460)

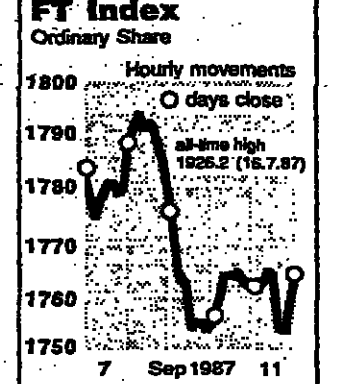
BUSINESS SUMMARY

£270m unit trust bid launched

PENSION FUND Property Unit Trust, a new unit trust, took another turn yesterday as Banque Paribas Capital Markets, with property group Topp Estates, launched a £270m offer, beating the £263m bid from Mountleigh recommended by PPFUT's management committee. **Back Page**

LONDON stock markets went to reverse after the announcement of US trade figures. A firmer trend emerged later and

indices closed at the day's best. The FT Ordinary index finished 2.5 up at 1,763.8 and the FT-SE index added 8.0 at 2,261.2. **Page 11**



ANNUAL inflation rate in Britain remained at 4.4 per cent in August, but the Government is confident of a fall by the end of the year. The month-on-month rise of 0.3 per cent was slightly higher than economists expected. **Back Page**

MIDLAND Bank is to become the first clearing bank to keep some branches open past 3.30pm. **Page 4; Lex, Back Page**

EC finance ministers will be asked today by central banks to approve closer monetary and economic co-operation. This could increase pressure to bring sterling into full participation in the EMS exchange rate system. **Page 3**

M. S.G., Britain's biggest unit trust manager, is to lose a third member of its long-established senior staff when M&G Securities managing director David Tucker retires at 48. **Page 4**

PHILIPPINES Central Bank Governor Jose Fernandez tendered his resignation. **Page 2**

AUSTRALIAN trade unions rebuffed proposals by Labor Prime Minister Bob Hawke to allow private ownership of public enterprises. **Page 2**

ISRAEL'S trade deficit widened by 50 per cent in the first half of 1987, against a year earlier, to a record \$2.2bn (£1.3bn). **Page 3**

W. H. SMITH has frozen the sale of its 50 per cent stake in Book Club Associates, biggest UK book club, to Bertelsmann of West Germany pending the outcome of a Monopolies Commission investigation. **Back Page**

MONTEDISON, Italian chemicals group, is to pay £1.49bn (\$200m) for the 38.7 per cent of Himont, polypropylene resin producer, owned by Hercules of the US. **Back Page**

SIEMENS UK engineering group, is to pay \$227.5m (£138m) for Barber-Colman, the third US controls company it has bought in a year. **Page 8; Lex, Back Page**

B and I Line, Irish state-owned shipping company, wants to halve its 1,500 workforce and cut wages by up to 12.5 per cent to try to stem losses. **Page 2**

NEWMONT Mining, US gold and energy group, part-owned by Consolidated Gold Fields of the UK, rejected a \$6.3bn (£3.8bn) bid from T Boone Pickens. **Page 10**

Deficit in US trade hits record \$16.5bn after imports surge

BY STEWART FLEMING, US EDITOR IN WASHINGTON

THE US trade deficit rose to a record \$16.5bn in July as imports surged and export growth petered out.

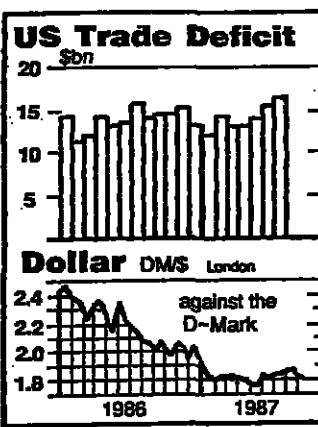
In the financial markets the trade figures had a mixed effect. Against the year it edged the deficit was much worse than expected the dollar could plunge. That happened last month after Washington reported a \$15.7bn deficit for June.

Although the dollar and bond prices fell sharply on yesterday's news, the markets quickly stabilised. There was some relief the figures were not worse; fears that the July deficit might be as high as \$19bn were dispelled.

In London the dollar closed at DM1.8005 compared with Thursday's London close of DM1.8003. Against the year it edged higher to close at Y142.6 against Y142.5. The pound ended in London at \$1.6505, up from Thursday's \$1.6455.

Despite the record trade deficit, the fourth successive monthly increase, both US Government officials and private economists said the nominal figures obscured the underlying improvement in the trade figures in volume terms which has been evident this year.

Mr William Griggs, an economist with the Wall Street firm Griggs and Santow, predicted that, partly because of seasonal swings, the August trade deficit would be smaller. Some private economists consider that it would reduce the President's discretion in applying US trade laws.



Reserve Board, the US central bank, would be forced to raise the discount rate again to support the markets as it did last week.

But the latest trade report will tend to lead support to those calling for a further decline in the dollar to help the US trade balance.

The latest deterioration in the nominal trade deficit comes at an awkward time for the White House. In the next few weeks Congress will be working out the final details of the massive omnibus Trade Bill.

The Administration's ability to fend off protectionist provisions in the proposed law and to make promises which would reduce the President's discretion in applying US trade laws.

has been weakened by the renewed deterioration in the nominal trade figures in May, June and July. Earlier in the year it seemed that the Administration's early devaluation strategy had begun to take effect in reducing the nominal deficit.

In July imports to the US rose to a record \$37.5bn, up \$700m compared with June, mainly as a result of high oil imports. The June import figure was \$32.8bn above the monthly average for the first six months of the year. Manufactured imports at \$23.3bn, were unchanged from June.

A broadly-based decline in exports of manufactured goods, partly offset by increased aircraft, telecommunications and agricultural sales, left exports down \$100m at \$21bn, but still \$1bn above the January to June average of \$20bn.

Mr Griggs said the July data did not alter the overall outlook for the trade deficit. "We are going to have an improvement in the trade figures, but it will be modest and come slowly."

Gordon Cram in New York writes: The dollar was trading steadily to higher by early afternoon in New York as the markets set aside their worst fears. Although the deficit was towards the top end of expectations, the imminent release of Continued on Back Page

Money Markets, Page 12; Lex, Back Page

French financial group in battle for Equity & Law

BY NICK BUNKER

THE BATTLE for Equity & Law, the UK life assurance company, intensified yesterday when Compagnie du Midi, the French financial services group, launched a cash bid valuing the British group at \$400m.

Compagnie du Midi, headed by Mr Bernard Brierley, said there were "huge potentialities" for applying the expertise of British insurance companies in Europe, where the life market was far less sophisticated than in the UK.

Equity & Law and Baring Brothers, its merchant bank adviser, rejected the offer, which came just one week after Mr Ron Brierley, the New Zealand financier, made a hostile takeover bid valuing Equity & Law at \$367m.

City analysts pointed out however that Equity & Law's response to the French group was couched in milder language than its dismissal of Mr Brierley's bid as "wholly unwelcome". They took this as a sign that Equity & Law's board might accept the French bid at a higher price.

Mr Chris Brockmole, Equity & Law's chief executive, appeared to reinforce this view by saying

that the board had turned down the offer because "we did not regard it as putting a correct value on the company". He stressed however that Equity & Law, "cherished its independence".

He added that Equity & Law and Compagnie du Midi had held fruitless talks earlier this year about some kind of business partnership.

Compagnie du Midi's bid values Equity & Law at 400p per share. Mr Brierley's bid valued it at 355p per share - has a 28.6 per cent stake in the group, built up at an average price of about 305p per share. He could not be reached for comment. Equity & Law's shares closed up 27p at 417p last night.

With a capitalisation on the Paris Bourse of FF20bn (£2bn), Compagnie du Midi is a holding company for interests ranging from banking to beer, but is best known as the owner of Assurances du Groupe de Paris (AGP), one of the biggest private sector French insurers.

AGP is primarily a non-life insurance company, with two-thirds of its operations in France.

Mr Pascal Vienot, chief financial officer of Compagnie du Midi said the context for the Equity & Law bid was the European Community's goal of breaking down barriers to a free market in financial services in Europe by 1992.

He said Compagnie du Midi had a goal of creating "a multinational insurance company with a large part of its operations in Europe". Equity & Law - well-established in England and West Germany - would spearhead expansion of the French group's life assurance activities in the EC's major countries.

"When asked after Equity & Law's rejection of the bid yesterday whether Compagnie du Midi would raise its offer, Mr Vienot said the future of Equity & Law was "a question of philosophy, not price".

The French group and Kleinwort Benson, its merchant bank, yesterday praised Equity & Law's management, philosophy and commitment to its policyholders, and said it would operate the British concern as a separate entity.

Background, Page 8; Lex, Back Page

BP may offer loyalty bonus

BY PHILIP COGGAN

A LOYALTY bonus looks certain to be part of British Petroleum's £7.5bn share offer when it is launched next month.

The company has registered with the BP share information office to find out about the offer - the highest ever in the UK in cash terms, with more than 150,000 inquiries currently coming in a day - the company announced yesterday.

All those who register before a cut-off date, yet to be announced, will be entitled to an allocation of shares. BP's research has indicated that this might be as many as 14m people. About 7.5m people registered with British Gas before its £5.6bn flotation at the end of last year, with 4m eventually applying for shares.

The level of public interest reflects the success of the marketing strategy, which has included a direct mailing to 5m potential applicants. N.M. Rothschild, the merchant bank handling the issue, has slanted the offer heavily towards private investors, with payment in three instalments and cut-price dealing commissions.

With such a large number of small investors likely to become BP shareholders, market makers on the Stock Exchange are concerned that the settlements system will be swamped with sell orders when dealings open.

A loyalty bonus such as was offered to shareholders in British Telecom and British Gas would reduce the number of early sellers and might also dissuade overseas investors, who are being invited to apply under a separate tender offer, from selling their shares and creating the so-called "flowback" problem as they come back to the UK.

However, petrol coupons for shareholders similar to the reduction in telephone and gas bills offered to BT and British Gas investors have been ruled out as impractical. The most likely alternatives are bonus shares and a special dividend, although both have their problems.

Unlike the British Gas, BT or British Airways offers for sale, BP is already traded on the stock market and the company is limited in the incentives it can offer to new shareholders alone. It seems likely that the Government would have to finance any loyalty bonus itself, either by retaining some shares to offer as a bonus or by paying the extra dividend.

Bonus shares seem to be the likeliest choice. About 60 per cent of applicants in the BT and British Gas offers opted for extra shares instead of potential reductions in their bills.

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Condition set by Iran to study Gulf ceasefire

BY OUR FOREIGN STAFF

THE IRANIAN leadership will tell Mr Javier Perez de Cuellar, the UN Secretary-General, in Tehran today that it is prepared to consider accepting a ceasefire in the Gulf war if the UN Security Council condemns Iraq as the original aggressor in the conflict.

Mr Perez de Cuellar, who is visiting Iran and Iraq with the full backing of the Security Council, arrived in Tehran last night and will be in Baghdad on Monday and Tuesday before reporting back to the council later in the week.

His mission is seen by the US and the Soviet Union as the last diplomatic chance to secure implementation of an earlier UN call for an end to hostilities and to avert moves towards imposing an international arms embargo on Iran for non-compliance.

As he began his trip, a temporary truce appeared to take hold in the war, with neither side reporting any attacks after a brief but fierce upsurge in fighting earlier in the week. However, although Mr Perez de Cuellar expressed optimism before he left New York, diplomats in the region still consider his chances of success to be slim.

In Baghdad, the UN chief will be told by President Saddam Hussein that Iraq will accept the ceasefire resolution provided Iran does likewise.

In Tehran yesterday, Iranian leaders spent the message being conveyed to Mr Perez de Cuellar, which is that they see positive points in the Security Council's July ceasefire resolution, but cannot agree to implement it until Iraq is branded as the original aggressor.

President Ali Khamenei, considered to be a hardliner on foreign policy issues in the government, said: "We gladly receive the Secretary-General and are ready to listen to just words. But we will not accept the unjust word."

Mr Ali Akbar Hashemi Rafsanjani, the influential speaker of parliament who is considered to be the leading pragmatist in authority, said, naming Iraq as the aggressor was "the only key to solve this issue... It is a positive point which must take place before a ceasefire is announced. We say the aggressor must be named first and then the way would be paved for other issues to be solved."

Iran is alarmed at the growing united international pressure, and is soft-pedalling on its consistent demand for the removal of President Saddam Hussein as a pre-condition for a settlement, with a view to drawing the UN chief into negotiations and heading off pressure for sanctions.

Mr Perez de Cuellar, who will see President Khamenei and Mr Rafsanjani as well as Mr Mir Hussein Mousavi, the Prime Minister, and Mr Ali Akbar Veysani, the Foreign Minister, will point out that the Security Council has promised to set up an independent inquiry into the origins of the Gulf war, which goes some way towards meeting Iranian concerns.

However, his mission is aimed simply at implementing the ceasefire resolution rather than renegotiating it, and there is no sign that the Security Council is prepared to make further concessions. Diplomats believe it may therefore founder on the central Iranian demand, leading inevitably to pressure from the US for a UN ban on arms sales to Iran. Mr Perez de Cuellar has said there is no chance that he will engage in shuttle diplomacy between the two belligerents.

The talks in Tehran will also be complicated by what appear to be serious differences within the Iranian leadership. Mr Perez de Cuellar sought to overcome this difficulty by asking for a joint meeting with three or four of the most senior figures, but this request was turned down.

The UN mission is accompanied by an almost unprecedented display of consensus between the US and the Soviet Union, which agree on the urgent need to end the Gulf war and are impatient with what they see as Iranian stalling over a ceasefire.

Moscow, in an effort to assist the visit, has put pressure on Iraq to stop its attacks on tankers while it is underway, and is delaying implementation of economic agreements recently signed with Iran.

The Soviets, who are major arms suppliers to Iraq, have also rebuffed attempts by Iran to seek a military relationship, according to Arab diplomats in Moscow. They have made clear that they will not block moves towards an arms embargo on Tehran in the event of deadlock.

According to the New York Times, both the US and the Soviet Union have also made the unusual move of formally protesting to Libya for allegedly supplying mines to Iran.

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WEEKEND FT



IRELAND

Move and counter-move for social change in a Republic deeply Catholic and conservative.

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FINANCE

NatWest takes the "independent" route.

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PROPERTY

Wiltshire, Tuscany - and homes "over the shop".

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Skiing in America

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HOW TO SPEND IT

... on kitchens.

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New novels from Peter Ackroyd, J. G. Ballard, Erica Jong, Ian McEwan, Iris Murdoch.

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ARTS

Pacific Overtures.

Page XXIII

SPORT

The US Open

Page XXIV

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OVERSEAS NEWS

Philippines Central Bank chief offers resignation

BY RICHARD GOURLAY

THE GOVERNOR of the Philippines Central Bank, Mr. Jose Fernandez, yesterday tendered his resignation to President Corason Aquino, joining the 24 Cabinet members who offered to quit on Wednesday.

The resignation offers are aimed to give Mrs. Aquino a free hand to rebuild an administration jolted by internal bickering after a series of major strikes and a failed coup attempt last month.

Two businessmen on the Monetary Board, which regulates many of the country's financial matters, also tendered resignations, so all members of the official economic team have now offered to go.

Politicians and observers agree that Mrs. Aquino needs to take soon the difficult decision on whom to fire and retain, so as to arrest a sense of drift and indecision that has developed even among her traditional

allies. Some new appointments could be announced this week-end.

Mr. Fernandez, with Mr. Jaime Ongpin, Finance Secretary—spearheaded the recent debt renegotiation with international bankers for \$10.2bn of the country's \$25bn foreign debt. He was made Central Bank governor in 1984 when Mr. Ferdinand Marcos was still president. Mr. Ongpin insisted that he be retained, since Mrs. Aquino came to power 18 months ago, for continuity's sake.

Meanwhile, as though Mrs. Aquino did not have enough troubles with resignations, renegade troops, communist-led rebels and strikes, she now has to contend with a hundred newborn babies named after the man she ousted, Ferdinand, and his wife, Imelda, and thousands of supporters of the Marcoses celebrated his

70th birthday yesterday with a mass christening and rally. No babies carried the family surname—or at least owned up to it—but one unsuspecting tot, already a little Tolentino (the surname of the former dictator's vice-presidential running-mate in the 1986 election), was among those christened Ferdinand.

Many of the Ferdinands and Imeldas, dubbed and were generally unaware of their first political act in a country that loves its politics. Few appeared very impressed. Asked by this reporter whether he was a Marcos loyalist, one of the month-old Ferdinands merely bawled.

His matronly mother—whose maternity suggested the baby might have been borrowed—said "we will tell him that our president, Ferdinand Marcos, is a good president."

Opec output quotas enforcement sought

By Richard Johns in Vienna

A THREE-MAN delegation headed by Mr. Rihwan Lakan, president of the Organisation of Petroleum Exporting Countries (Opec), is to appeal directly to leaders of member states in a bid to enforce observance of agreed production quotas.

He plans to start his mission with a trip to the Gulf in the first week of October, accompanied by Mr. Arturo Hernandez and Dr. Subroto, respectively the energy ministers of Venezuela and Indonesia. Gulf producers, making up half Opec's members, have been almost totally responsible for the group's excessive output since the last ministerial conference here agreed a 16.2m barrels-a-day ceiling on collective output.

The five ministers consulting here, including also Mr. Hisham Nazer of Saudi Arabia, and Mr. Belkacem of Algeria, also agreed to print that an independent arbitrator be chosen again to monitor actual levels of members' production. But appointment of such a monitor would depend on agreement by heads of state, Dr. Lakan stressed.

"Since it has serious political implications, we might as well do a bit of preparatory homework and find out at least if it will be acceptable," he said to reporters. "If not, it can be modified to make it acceptable and workable," he added.

In 1982, Opec hired a firm of Dutch accountants, Kleynen & Krayenboff, to scrutinise actual output levels, before Opec's decision at the end of that year to give priority to recovery of "market share." Certain members, however, maintained the firm's job impossible.

The meeting of the two committees here was obviously motivated by the aim to clarify Opec's will to maintain prices at a level based on a central reference of \$18 per barrel, established in Geneva last December.

Dr. Lakan and other senior delegates went out of their way to dispute estimates of Opec over-production during the past two months, attributing it to the flare-up in the Gulf conflict between Iraq and Kuwait.

The communiqué issued after the meeting said, "It was generally felt that the increase in production was due, among other things, to uncertainty and anxiety of consumers and producers over recent developments in the Middle East." Opec's president went out of his way to emphasise that actual output levels have been falling and he denied that the rate had been as high as some oil companies and analysts put it.

In August, it has only been in to 1.2 b/d above the national ceiling reached here in June. In practice this assumed Opec output of at least 16.2m b/d, less inevitable breaches of quotas—not least by Iraq, which was not a party to the accord. The limit set was 16.2m b/d.

Nigeria's chief delegate here showed a determination to meet the market demand of Opec's resolve to hold the line.

There was, even so, a general feeling that events in the Gulf and the exacerbation of the war there had put Opec's attempt at a control out of reach for the present.

The presence here of Hossein Kazempour Ardabili, Iran's Deputy Oil Minister, was regarded as a sign of Tehran's wish to maintain a measure of collaboration with Riyadh on the question of stabilising the oil market, in spite of the bloody events in Mecca during Hajj last year.

His contacts with the media were resented by some delegates. It was not immediately known whether he had been in direct contact with Mr. Nazer.

He has come under continual pressure both in talks with politicians of all hues and from banner-waving protesters to relax border restrictions and stop shooting at the border.

But he has given his Bonn hosts no concessions so far on human rights. The Bonn Government is clearly hoping for a humanitarian gesture from Mr. Honecker in coming months to seal the spirit of co-operation.

On the other hand, any substantial further relaxation of travel and emigration by Mr. Honecker could risk a debilitating outflow of dissatisfied East Germans and cause severe problems with Moscow.

In impromptu remarks in his birthplace of Neumünster in Schleswig-Holstein, Mr. Honecker tantalisingly raised the prospect that one day become a normal frontier between Poland and East Germany.

This appeared to be a hint that Mr. Honecker, who was responsible for building the Berlin Wall in 1961, could conceive its disappearance under the appropriate conditions.

Bonn officials called the remarks "positive," but warned against euphoria in interpreting them.

East German officials also warned against "reading between the lines." They pointed out that Mr. Honecker reaffirmed during the visit East Germany's status as a sovereign independent state, a view which clashed with the official Bonn goal of eventual German reunification.

Haig Simonian on a market ranging from sable to cats and hamster
West Germany leads in the fur trade

IT WILL soon be fur coat time again in West Germany. While some pull out last winter's numbers and others make room for something new, one thing is certain: German wardrobes are already bulging with furs by international standards.

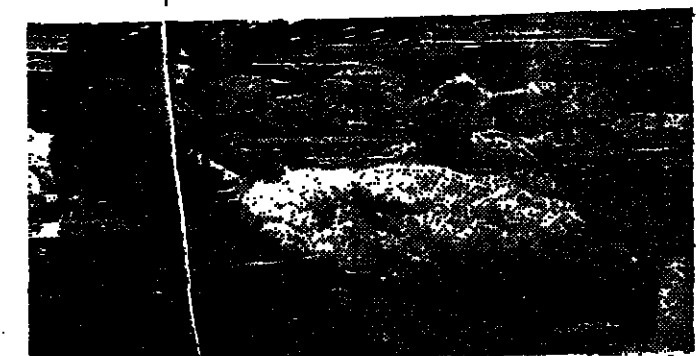
The Germans buy more furs than anyone else. Turnover in the US and most of all, Japan has been rising recently, but sales per capita in Germany are still ahead. Even in absolute terms, Germany has only recently fallen behind the US, with sales of slightly under \$2bn against just over \$2bn in the US.

Every German woman has an average of 1.5 furs, says Mr. Jürgen Thorer of Thorer & Hölender, a leading Frankfurt fur trader, processor and manufacturer. "It used to be that buying your wife a fur was a sign that you had 'arrived' in Germany," he says.

Whether it is because of its famed affluence, its colder winters, or just the fact that there seem to be more attractive women in the streets, the Germans' fancy for fur is most striking in Munich. A late summer stroll through some of its ritzy shopping streets says it all. Animal skins in general, whether furry or not, are immensely popular here.

The German taste for fur and leather is a measure of both their tradition and their affluence. The popularity of furs stretches back to the days of the "Kleiderordnung" (dress code), which set out the different types of furs that could be worn, depending on one's social rank. The higher up the ladder, the rarer the skin one could wear.

In the rubble of Germany's devastated cities after 1945, furs were obviously a low priority. But sales raced ahead as the country recovered economically. Continuing high demand means quality garments do not cost the earth. Sable and Black Glama mink may remain in the realm of the mega-rich, but even a well-paid



The history of the German fur business is a saga of Europe's political upheavals

Gastarbeiter (guest worker) can usually run to a leather jacket or a skirt for his wife. The history of the German fur trade is a mini-saga of Europe's own political upheavals this century. The trade, originally based in Leningrad, gradually moved to Leipzig as the political climate in Russia worsened with the shift south after 1917.

"In Leipzig 80 per cent of trading was in the hands of Jewish firms," says Mr. Thorer. That all changed under the Nazis, whose tight exchange controls crippled the trade and triggered an exodus to London and New York on both racial and economic grounds.

After the war the business gradually shifted to Frankfurt. Its mantle as the fur capital of the world has been slipping since 1980 as the German market has largely passed saturation point.

However, exports have been stepped up to compensate, and now account for around a third of Frankfurt's business against a quarter before 1980. As a result, the city still accounts for about 35 to 40 per cent of the world's skin imports, against some 85 per cent before 1980.

Frankfurt's 330 or so fur companies, tucked away in the unlikely surroundings of the red light district around the railway station, range from small five-

man family outfits to Rosenberg & Lehnart, the biggest, with 120. Most are German, though there is also a substantial Greek presence. Jewish firms are now pretty thin on the ground.

Furs may be the up-market end of the business, but the appeal of animal skins in general in Germany sometimes approaches the bizarre. For it is not just well-known skins like fur, mink and fox which are widely available here, but sometimes more domestic creatures, like hamsters and cats.

Sensitive British animal lovers may blanch. But Loden Frey, the established Munich coat company, was pushing its new hamster-skin earlier this year on both fashion and practical grounds.

And what better way to prove the fact that European countries retain their cultural peculiarities despite the constant drift to common political and economic denominators, than the recent cross-Channel squealing over cats.

Cats are popular here as pets. But they also have other attractions. Cat-skin coats used to be big in the 1950s, when they offered a cheaper and lighter alternative to the furs many people liked but not all could afford. "A good cat-skin coat is still an attractive item," says Mr. Thorer, though they are harder to come by now.

But there are many uses for

a dead cat in today's Germany. Not all are readily understood in the UK. Take the "medical" use of cat's fur, which has a reputation here for easing suffering rheumatism and circulatory problems.

It may be an old wives' tale, but buoyant sales of cat's fur products prove that many believe it. Steingraf, a firm in Bad Homburg, north of Frankfurt, which has the German cat market cornered, cannot get its hands on enough animals to meet the demand for "Medicat," its popular fur bandage for rheumatism, sold through chemists' shops.

But what better reflection of our national differences—especially on such a sensitive topic for the British as animals recently received at the hands—as the mauling the company recently received at the hands of the UK gutter press.

The Sunday Sport, Britain's ultra down-market tabloid, reported prominently last month on the fate of UK cats "kidnapped" for the Crazy Krauts. An aggrieved Mr. Steingraf rang the Financial Times for help. The chances of getting a letter to the editor published in the Sunday Sport seemed slim, but the company wrote nevertheless, explaining that it stopped buying dead UK cats years ago.

Perhaps Mr. Steingraf should have known better. His attempt in 1982 to collect documented frozen cats from UK vets quickly came to nothing. A pitte supple from the local bureaucrats—when London bureaucrats shied away from the idea after consulting the Royal Society for the Prevention of Cruelty to Animals.

Domestic animals are popular in Germany, and there is an active animal protection lobby here. But most Britons' acute sensitivity about furry creatures is not shared quite so strongly. Despite the increasing cultural similarities between Germany and the UK, "animal rights" are still largely in the Anglo-Saxon domain.

Pretoria issues election plan

BY ANTHONY ROBINSON IN JOHANNESBURG

THE SOUTH African Government yesterday issued its revised proposals for a national statutory council in which black people will be able to discuss policy and help draw up a new constitution.

The revised bill divides South Africa into nine black electoral regions the boundaries of which closely follow those of the nine white economic regions. Every black South African citizen over 18 will be entitled to vote for candidates in the nine constituencies.

The council would be chaired by President F. W. Botha and will be made up of the nine elected members, the chief minister, or delegated cabinet minister, from each of the six "non-independent homelands," the chairman of the ministers council in each of the white, coloured and Indian Homelands of Parliament, the Minister of Constitutional Development, other cabinet members at the President's discretion and up to 10 other people chosen by the president.

Presenting the new bill in parliament, Mr. Charles Heunis, the Minister for Constitutional Development, said organisations wishing to put up candidates would be able to register and provision would be made for individuals to stand as candidates.

Black South Africans marked the 10th anniversary of the death of the black consciousness leader Mr. Bantu Steven Biko yesterday and police reported renewed political violence.

A police bulletin said an unidentified youth was killed by two bullets after political rivals attacked a house in Sweet Waters in Natal on Thursday. It said security forces had been stoned at two other black townships.

Mr. Biko died from head injuries while in police custody in the Indian Ocean city of Port Elizabeth.

The Weekly Mail newspaper reported yesterday it had established that five of the police officers involved in Mr. Biko's interrogation had been promoted and their former commander now worked for a life insurance company.

Up to now most "moderate" black leaders have refused to participate in the proposed council unless the government released Mr. Nelson Mandela and other jailed African National Congress leaders, unbanned organisations such as the ANC, and allowed them to participate.

The government appears to be preparing to release some

of the oldest and infirm of ANC leaders, such as Mr. Govan Mbeki, but is still hesitating over the release of Mr. Mandela.

The revised bill will go before a joint standing committee of all three houses where it is likely to face strong opposition from both the right-wing Conservative Party and liberal white and "coloured" parties.

Radical opponents of the government's neo-apartheid policies have called for boycotts of all government-sponsored elected bodies for black people, such as the black local councils and rejected the tricameral parliament with its radically-segregated chambers.

The government has refused to contemplate a fourth chamber for black people. Its national council proposal is an attempt to associate black people with the decision-making process "at the highest level" without conceding the formula of one man one vote in a unitary state demanded by the ANC and the United Democratic Front.

Six leading members of the legal internal wing of the South West African Organisation (Swapo) who were detained three weeks ago for interrogation about a bomb blast in the Namibian capital Windhoek on July 17, were released yesterday.

Australian public sector backed

BY CHRIS SHERWELL IN SYDNEY

AUSTRALIA'S powerful trade union movement yesterday backed proposals from Mr. Bob Hawke, Prime Minister in the Labour party government, to allow private ownership of public enterprises.

The Australian Council of Trade Unions, concluding its weekly biennial congress in Melbourne, unanimously supported a recommendation from its executive that existing public enterprises remain under a "full" public ownership and control.

The vote came despite a direct appeal from Mr. Hawke on Wednesday for a policy of

examining the merits of public ownership in specific cases, particularly at a time of budgetary constraints.

Moderate leaders of the ACTU insisted that the tough motion passed by the Congress still allowed individual enterprises to be scrutinised to ensure that they were competitive and providing services at a reasonable cost.

It remains far from clear, though, what might happen to public enterprises if the government is unable to provide additional equity funds or guarantee further borrowings.

Mr. Hawke himself has con-

firmed that Australia Post and Telecom will not be privatised. The strong candidates for private ownership are clearly Qantas, the international airline, and Australian Airlines, the domestic carrier.

Other federal government entities mentioned as possibilities include the Commonwealth Bank and the Overseas Telecommunications Commission.

The ACTU vote means the privatisation debate, launched by Mr. Hawke last month, has entered a new phase, with the prime minister on a collision course with the union movement.

In Ontario by signing a power-sharing agreement with the NDP.

It also confirms Mr. Peterson as the man to watch in the Liberal camp and a potentially pivotal figure in Canada's ongoing efforts to implement a bilateral free trade deal with the US.

So many of the issues under discussion fall under provincial jurisdiction that it would be hard for Ottawa to implement a pact without the co-operation of the most influential provincial premiers.

Liberals rout the Tories in Ontario

BY DAVID OWEN IN TORONTO

MR. DAVID PETERSON'S Liberal Party won a landslide victory in provincial elections in Ontario this week, routing the once omnipotent Conservatives.

The party won 95 of the 130 electoral ridings at stake, compared with 19 for the left-of-centre New Democratic Party and 16 for the Tories.

The Conservative leader, Mr. Larry Martin, lost the Toronto seat his family had held since 1955. He immediately vowed to step down after seeing the party through a "reasonable" transition.

NDP leader Mr. Bob Rae, whose party is now the official opposition in spite of winning six seats fewer than it did in 1985, tore a rip-and-tuck party with Liberal Mr. Alan Tonks. Mr. Rae was returned by fewer than 900 votes after a recount.

The result gives the Liberals, whose fortunes on a national scale have been low, their first majority for 50 years in Canada's most powerful and industrialised province.

In 1985, the party had ended 42 years of Conservative rule

in Ontario by signing a power-sharing agreement with the NDP.

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He has come under continual pressure both in talks with politicians of all hues and from banner-waving protesters to relax border restrictions and stop shooting at the border.

But he has given his Bonn hosts no concessions so far on human rights. The Bonn Government is clearly hoping for a humanitarian gesture from Mr. Honecker in coming months to seal the spirit of co-operation.

On the other hand, any substantial further relaxation of travel and emigration by Mr. Honecker could risk a debilitating outflow of dissatisfied East Germans and cause severe problems with Moscow.

Honecker visit stirs hopes of closer ties

BY DAVID MARSH IN BONN

EAST and West Germany look set to enter an era of closer economic links and less restrictive cross border travel, after the five-day trip to the Federal Republic by Mr. Erich Honecker, the East German President, which ended yesterday.

Symbolising the rapprochement between capitalist and communist Germany, the East German leader was given a warm send-off with military honours by Mr. Franz Josef Strauss, the right-wing Bavarian Prime Minister. At the height of the cold war 30 years ago Mr. Strauss ranked as one of Mr. Honecker's arch political enemies.

In spite of the mood of partnership during the historic visit, Bonn and East Berlin clearly still face political divide between two opposing systems.

Mr. Strauss said he was "confident" that further barriers with East Germany would be broken down. He told Mr. Honecker that rigorous controls on travel and the shooting of escapees at the border did not fit in with "the new phase" in relations.

During his day in Bavaria yesterday Mr. Honecker said the two German states had to "advance further from what has already been achieved." He described his visit as "timely, to the point and useful."

In 1983 Mr. Honecker called Mr. Strauss a "militarist" who wanted to march through the Brandenburg Gate to reconquer East Berlin. But yesterday the East German leader, who became noticeably more relaxed as his Bavarian host and toasted his health after a festive lunch, however, when Mr. Honecker, bridging the political divide between two opposing systems, said that further barriers with East Germany would be broken down. He told Mr. Honecker that rigorous controls on travel and the shooting of escapees at the border did not fit in with "the new phase" in relations.

France has highest G5 taxes

BY PETER BRUCE IN BONN

FRANCE had the highest taxes of the Group of Five leading industrialised states in 1986, with taxes accounting for 45 per cent of its gross domestic product, the Organisation for Economic Co-operation and Development said in an annual report on national revenue, Reuter reports from Paris.

This compares with a little less than 40 per cent in the US and Japan rely on taxes for less than 30 per cent of GDP. OECD figures showed the French tax system relied heavily on social security contributions, while direct income tax was relatively low. In 1986, social security contributions accounted for 25 per cent of total French taxation, compared with 35.5 in Germany and 17.5 in Britain.

This feature of the French tax system is likely to be exaggerated when the Government announces its 1988 budget next week. It is expected to include direct tax cuts of about 4 per cent for most income groups, which will be partly offset by a recent rise in social security contributions.

Direct taxes accounted for 17.1 per cent of total French taxes, compared with more than 40 in Japan and the US. British consumers contribute comparatively more through taxes on goods and services than do their counterparts in the other four states.

In Britain, these taxes accounted for more than 30 per cent of total revenue, slightly more than France's 29.1 and Germany's 25.6, but well above the US level of 17.7 and Japan's 14 per cent.

The top jobs in the Commission are allocated to the member states roughly in proportion to their size. One key problem in the moves has been what post to offer France. That is expected to be the head of the legal service, present incumbent of which, Mr. Claude-Dieter Ahlmann, is likely to become the director-general for information and Commission spokesman.

The French candidate for the legal service is understood to be Mr. Jean-Louis Dewost, currently legal director-general on the other side of the road at the EC Council of Ministers.

Latest indications are that the UK government has fought a

Salvador peace talks expected to start

BY PETER BRUCE IN BONN

PRESIDENT Jose Napoleon Duarte of Salvador will hold peace talks in Costa Rica with his country's leftist guerrillas within a few days, Reuter reports from San Jose.

Mr. Oscar Arias, the Costa Rican President, is expected to act as a mediator between Mr. Duarte and the rebels of the Farabundo Marti National Liberation Front. No date has yet been given for the talks.

Mr. Arias in a brief interview on Thursday, declined to confirm or deny talks would be held, but repeated his offer made last Monday to mediate between the rebels and the Salvadoran Government.

If they are held, the talks will be the first significant breakthrough since Mr. Arias, Mr. Duarte and three other leaders from the region signed a comprehensive peace plan in Guatemala City on August 7.

The plan's main provisions include ceasefire in the three regional guerrilla wars—in Nicaragua, El Salvador and Guatemala—amnesties, greater democracy and an end to foreign support for rebel groups. All are supposed to be achieved by November.

Diplomats said the San Jose talks were arranged by Mr. Arias—architect of the peace plan—who received Salvadoran rebel leaders here on Monday.

"We want a real double-barrelled approach," said Mr. Petrovski, referring to the US and Soviet offers to destroy their INF missiles, which have a range of between 500 km and 5,000 km.

He said the Soviet side was unhappy with the US verification proposals and with the way the US wanted to proceed with the actual destruction.

The Soviets wanted to be able to inspect US facilities well beyond the final destruction of American weapons, he said. A US demand that the Soviets start destroying their own first was also unacceptable, he said.

Moscow has proposed a compromise, which would involve both sides destroying their launchers at the same time. That would leave the missiles intact and perhaps the US "destruction" time table as well—but would make it impossible to fire them.

Irish shipping line wants to halve workforce

BY LYNDON MCLEIN

THE B and I Line, the shipping company owned by the Irish Government, wants to halve its workforce of 1,900 people, and cut wages up to 12.5 per cent in an attempt to cut losses.

The rationalisation plan for the company was prepared after demands by Mr. John Wilson, the Irish Tourism and Transport Minister. The plan is to be implemented early next year, if it is accepted by the government.

The proposal is for 730 employees to be laid-off; the remaining 1,170 are to be transferred to ferry services. It is to be scrapped; the shorter sea crossing between Dublin and Holyhead is likely to be increased to twice daily.

Most of the proposed job losses will be in the Irish Republic, with some job losses in the UK.

The company is expected to make a loss of more than £12m this year, after competition from cheap air fares on the routes between the UK and Ireland and competition from Sealink.

Korean students riot RADICAL students hurled hundreds of firebombs and rocks at riot police yesterday as thousands of students took part in protests across the country, AP reports from Seoul.

Hundreds of riot police fought back with tear gas and rocks.

Soviet official warns of N-arms deal difficulties

BY PETER BRUCE IN BONN

SIGNIFICANT DIFFICULTIES still stand in the way of an agreement between the Soviet Union and the US on the global removal of their medium-range nuclear missiles, a senior Soviet official confirmed yesterday.

Ending a two-day visit to Bonn, Mr. Vladimir Petrovski, the deputy Soviet Foreign Minister, said: "There are still significant difficulties" that need to be resolved before the US Secretary of State Mr. George Shultz and his Soviet counterpart, Mr. Eduard Shevardnadze, meet in Washington next week.

"Everything depends on the Americans," Mr. Petrovski said. He repeated recent Soviet demands that 400 Pershing 1A missiles—and their warheads—in the US be drawn into the intermediate nuclear force (INF) agreement being negotiated in Geneva.

The US Pershing 1A is the same missile that the West German Government recently offered to destroy if the US and Soviets reach an INF agreement.

"We want a real double-barrelled approach," said Mr. Petrovski, referring to the US and Soviet offers to destroy their INF missiles, which have a range of between 500 km and 5,000 km.

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Erich Honecker

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OVERSEAS NEWS

UK NEWS

EC likely to press for full sterling role in EMS

BY QUENTIN FEE IN BRUSSELS

EUROPEAN COMMUNITY finance ministers will be asked to give their blessing today to a broad strategy of closer co-operation on monetary and economic policy, paving the way for the final phase of complete liberalisation of capital movements between the member states.

The strategy includes measures to strengthen joint intervention to support the currencies in the exchange rate mechanism of the European Monetary System—a package agreed by EC central bank governors at Basle this week and closer liaison on domestic economic policies involving regular monitoring of economic indicators in the 12 states.

At the same time, the week-end meeting could well see growing pressure on Mr Nigel Lawson, Chancellor of the Exchequer, to bring sterling into full participation in the EMS exchange rate system.

The absence of sterling from full membership is seen by many as a continuing weakness in the system, and a source of instability at a time when the other participants are trying to strengthen the system. There is growing irritation in other member states that the British

government benefits from the EMS stability without paying the full price of obeying the rules of membership.

The six-month informal meeting of the EC finance ministers, taking place at the Danish seaside resort of Nyborg, is intended to provide the opportunity for a thorough review of the workings of economic and monetary co-operation in the Community, as well as to prepare a common European position for the imminent annual meetings of the International Monetary Fund and the World Bank.

Mr Jacques Delors, president of the European Commission, is keen to table his plans soon for the final phase of capital liberalisation in the EC—a phase which would include freedom of movement for all personal cash transactions, including the personal bank accounts, in addition to the commercial and investment transactions already liberalised in most member states.

He will argue, however, strongly supported by France and Italy—that such liberalisation can only go hand in hand with closer monetary policy co-operation to prevent sudden

speculative capital flows. It will also require greater co-ordination of prudential rules and tax regimes.

The package of EMS intervention measures agreed by the central bank governors, who also attend the weekend talks, has at its core a deal for greater intra-marginal intervention to support weak currencies, or sell strong ones, before they reach their respective floors and ceilings within the EMS.

Although such intervention will not be automatic, in deference to the opposition of the West German Bundesbank, it is a presumption that it will be used when requested, provided certain conditions are met.

The package also allows rather more generous, short-term credit terms for the central banks, extending the repayment period and increasing the amount available for more than 45 days.

It allows, finally, Ecu to be used to settle 100 per cent of claims, and not 50 per cent as at present. This is a token gesture of support for the European currency unit, which is hardly used for such settlements at the moment anyway.

Libya and Chad agree ceasefire in Aouzou Strip

By Joan Wucher King

LIBYA AND Chad yesterday agreed to a ceasefire in their long-running conflict over the Aouzou Strip. The Chad Government, however, made its continued acceptance of any ceasefire dependent on an immediate convening of the Organisation of African Unity's special committee on the Aouzou dispute.

The ceasefire was scheduled to take effect at 11.00 local time, according to Chad, while Libya announced the ceasefire as starting with Friday prayers at midnight Friday, the Muslim sabbath.

Libya had stepped up its bombing campaigns in Chad in the days preceding the ceasefire. On Thursday, Libyan jets bombed the oasis of Faya Largeau and the towns of Fada, Zouar, Wour and Wadi Doum.

Chad reported 12 killed and 20 wounded at Faya Largeau and said that the Libyans used fragmentation bombs, napalm and toxic gases in their attacks.

President Kenneth Kaunda of Zambia, chairman of the OAU, had been trying to arrange a ceasefire since Chad recaptured Aouzou on August 5. Libya retook Aouzou during his first round of negotiations, which restarted in earnest this week.

The special committee of the OAU is chaired by President Omar Bongo of Gabon. As Chad's observance of the ceasefire is conditional on the committee meeting, it is expected that President Bongo will call the session soon.

The OAU has been reluctant to alter post-independence borders, so Chad may feel relatively optimistic that the committee will find in its favour.

In addition, Chad's President Hissene Habre may find it difficult to resist pressure from France to call a halt to hostilities against Libya, as France still provides Chad with its air defence.

Libya, on the other hand, does not want the war in Chad to isolate it within the OAU, which provides it with an important political forum.

Portugal wants new US pact

By Our Lisbon Correspondent

PORTUGAL will call for a renegotiation of a treaty that gives the United States use of a strategic air base on the Azores Islands, in mid-Atlantic, because it is dissatisfied with the amount of US aid the country is receiving.

Officials said Portugal would insist on re-negotiating the treaty from next February, the earliest date possible.

The air base, at Lajes in the Azores, is a key point for re-supplying US forces in the Atlantic, and for monitoring Soviet submarine movements.

US aid to Portugal fell from \$207.5m in 1985 to \$189.3m in 1986, and is expected to drop to \$147.4m this year.

Alice Rawsthorn on an ancient industry flourishing in modern times

Silk threads a stitch in time

AT THE beginning of the 1980s it seemed improbable that the remnants of Britain's once thriving silk industry would survive the decade. Yet just seven years later the industry has not only survived, it is flourishing.

The silk industry of today is a pale shadow of its former self. It can boast of a buoyant home market and rising exports. Yet there are only a few dozen businesses involved with silk, many run by the descendants of the Huguenot émigrés who fled to Britain from France in the late 17th century and founded the British silk industry.

The Huguenots settled in London and set up workshops in the Spitalfields area to the east of the City. In the mid-1800s they moved to the areas around Sudbury in Suffolk and Macclesfield in Cheshire, to take advantage of the skilled labour force of the local wool industry.

These companies flourished. In the 1920s and 1930s, when silk was used as a common fibre for all sorts of clothing, the industry reached its zenith. Then came synthetic fibres. The introduction of rayon and then nylon steadily eroded the market for silk.

Ironically it was Courtaulds, one of the original Huguenot silk weavers, which pioneered the development of the man-made fibres which devastated the silk industry. Courtaulds used the fortune it had made by weaving black silk mourning crepe for Victorian widows to expand into the production of rayon, or "artificial silk," and then into acrylic fibres.

Today Courtaulds is one of the most powerful forces in the European textile industry. Its silk subsidiary, Courtaulds Shamash, is but a tiny part of its business. The rest of the silk industry has declined dramatically. Since the 1930s companies have closed and jobs have disappeared. By the beginning of this decade the cuts and closures ceased.

The rumour of the British silk industry has survived by specialisation. The main market for



Models wearing silk clothing from a 1920s Courtaulds catalogue

silk is served by the centres of production around Lake Como in Italy, Lyon in France and Zurich in Switzerland. British producers have concentrated on particular niches, principally fine quality silk for men's ties and dressing gowns and more, recently, on furnishing fabrics.

Stephen Walters, for example, has been involved with silk for eight generations. The business began in Spitalfields in the late 1700s and moved to Sudbury in the mid-19th century. The Sudbury mill now specialises in silk for men's neckwear. Turnover has grown healthily to £5m last year—75 per cent of which came from exports—and its workforce has increased by 30 to 130 people in the past 10 years.

Walters has already introduced an advanced computer-aided design system in its mill. Similarly Adamley Textiles,

which used old machinery bought from disused Macclesfield mills when it was founded in the 1960s, has invested in new equipment. Sekers International, the textiles group, has invested £6m in modernising production since diversifying into silk eight years ago with the acquisition of Vannors, a printer.

Companies such as Walters, Adamsley and Sekers Silks hope that new technology will be the tool with which they can stave off competition from the established silk centres in Europe and from a new but increasingly powerful source—China.

Silk was first discovered in China more than 5,000 years ago when, or so the legend goes, the Empress Hsi Ling watched a silken thread unravel from a silkworm's cocoon when it fell into her tea. China is still the chief source of raw silk and in recent years has invested heavily in the production of silk fabric.

As a result exports of Chinese silk fabric have soared. The surge has already provoked the Italian industry to making formal complaints to the European Commission. Other European producers are considering whether to press the commission for restraints on silk imports throughout the Community.

To most of the larger British silk companies this influx of imports poses a serious threat. Yet to some sections of the industry, talk of surging imports and technological innovation is wholly irrelevant.

Stumpies is a silk mill in the village of Castle Hedingham, near Sudbury, which weaves lengths of silk by hand to special commission for ceremonial robes or hangings in stately homes.

Competition is not a problem: there are only three comparable companies in the world, one in Italy and two in France. Moreover, technology has little to offer: the mill uses irreplaceable wooden machinery made more than 150 years ago in Spitalfields, where the British silk industry began.

Former county hall to be hotel

BY IAN HAMILTON FAZEY, NORTHERN CORRESPONDENT

MANCHESTER COUNTY Hall, a modern office block overlooking Piccadilly Gardens in the centre of the city, has been bought by Britannia Hotels for development into a luxury hotel.

The block housed Manchester County Council until its abolition and the sale has dismayed other hoteliers and the city's politicians.

Mr Alex Langsam, managing director of Britannia Hotels, intends to spend £25m to transform the block into a hotel with 600 bedrooms and an exhibition and conference centre.

County Hall is sandwiched between the 360-room Britannia Hotel and the 215-room Portland Hotel. A new Ramada

hotel—the Renaissance—opens next week with 200 rooms. The Piccadilly Hotel is a 200-room hotel. Holiday Inn has just refurbished the Midland Hotel and reopened it as the 300-room Crowne Plaza.

Mr Langsam said yesterday: "Manchester really does not need another major hotel but we have looked at other options and decided we can give a higher standard of luxury at lower prices. We intend to offer better value for money, which is the principle we have worked on in the past."

He is applying to Beth Din, the regulatory body, for a kosher licence which he says will help to win custom from the large Jewish community in Manchester, and from Moslems,

who follow similar dietary restrictions. Kosher and halal catering would be run in parallel with normal operations.

Mr Langsam makes a specialty of turning large, unwanted buildings into hotels. His first foray was to buy a disused Victorian cotton warehouse in Manchester city centre and turn it into the Britannia Hotel.

This year he opened another hotel in the city centre, which he called Sacha after legal action prevented him using the name Ritz. It has 320 rooms and used to be the C & A department store.

Mr Langsam and Mr Mike Morton, his partner, own the Adelphi in Liverpool, bought in a run-down state from British Rail five years ago.

Catamaran for Channel Islands route

A HIGH-SPEED 400-seat waterjet catamaran will be introduced next year on services between St Malo, in northern France, the Channel Islands and Weymouth in Dorset. It will be run by the Guernsey-based hydrofoil operator Concor.

The vessel is being built by Marinetechnik of Oreggrund, Sweden. Concor will charter the catamaran from the builder but will have the option at the end of next season of buying it or ordering another of the same design.

The catamaran is due to go into service on June 15. It is being brought into Concor's fleet mainly because of the success of a service between Weymouth and the Channel Islands started by the company this year. A 190-seat hydrofoil is used, but Concor says a larger vessel is needed.

The catamaran, which has a cruising speed of 35.5 knots, will also be used between St Malo and the Channel Islands in conjunction with existing hydrofoils.

Government to review Welsh museum

BY ANDREW WHITLEY IN JERUSALEM

THE GOVERNMENT is to review the work and financing of the National Museum of Wales as part of its policy of obtaining value for money from bodies outside the public sector which it partly or wholly finances.

Inbucan Management Consultants has been commissioned to carry out the review, which should be completed by January.

The review is not confined to the aims and functions of the museum. Inbucan has been asked to examine the relationship between the role of governing bodies and the museum's management structure. Financial controls and commercial opportunities.

The present review is one of a series concerning semi-public bodies that have been set in motion since Mrs Thatcher announced the policy in November 1984.

An investigation into the operations of the Welsh Development Agency, which exists to regenerate the economy, was published in February. This led to the Welsh Office having a closer relationship with the agency's affairs.

The work of the Scottish Development Agency was independently evaluated at the same time as that of the WDA.

Hooligans abroad spoil the package

David Churchill reports on the problems of holiday troublemakers

THE TRAVEL industry is counting the cost of recent bad publicity about the problems caused by drunken hooligans in Mediterranean package holiday resorts this summer.

The first police war among tour operators in the early part of the summer, when sales of overseas holidays were sluggish, enabled many Britons to fly to

arrested by police for sleeping rough. Stories of drunken hooliganism abroad have led to calls for an official inquiry into the problem. Mr Edward McMillan, Scottish Conservative member of the European Parliament, wrote to Mrs Thatcher yesterday saying that an investigation into the causes of and solutions to the problem was needed.

"A minority of holidaymakers are giving Britons a bad name abroad," he said. "Loutish behaviour among sports spectators, tourists and air travellers is a new disease which needs a diagnosis and hopefully a cure."

He referred to recent reports that King Juan Carlos of Spain and Spanish officials were concerned about the fall in standards of behaviour by British holidaymakers.

Charter airlines have reported more problems involving drunken passengers this summer. Recently Dan-Air charter flight had to detour to a French airport because a passenger tried to open an emergency exit and fought with crew members.

Leading tour operators, however, are publicly anxious to stress that the problem of hooliganism abroad is very small. Mr Roger Davies, chairman of Thomson Travel, the largest

UK tour operator, points out that the number of Britons travelling abroad has risen sharply in recent years. "I see no evidence that a larger percentage of our customers are causing these problems. But with the growth of people travelling, even the same percentage would give a substantial increase in the numbers involved."

However, Mr Davies does detect a change in attitude among tour operators, which are taking a tougher line with drunken hooligans.

"The climate of opinion has moved sharply in favour of the stronger action that has been adopted by airlines and tour operators in recent years," he said.

A few years ago, the tour operators' resort representatives were more willing to help holidaymakers who had been arrested for bad behaviour. The current policy is to leave them to fend for themselves.

Charter airlines are increasingly prepared to take a tough line with drunken behaviour and check-in staff will refuse to allow people who are clearly drunk to board their flight.

Much of the blame for bad behaviour abroad is levelled at tour operators who specialise in selling holidays to young single people. Club 18-30, part

of the International Leisure Group, in particular has a bad reputation for the raucous behaviour of its customers abroad.

"You cannot really blame young healthy men and women for letting off steam when abroad," said another tour operator, "but sometimes things get out of hand."

Travel agents, however, may put extra pressure on operators to bring in tougher procedures for next summer if disgruntled holidaymakers make it clear that they want a trouble-free fortnight in the sun.

Club 18-30 had no comment, but the company is understood to be concerned about its poor image.

Although tour operators are worried by the adverse publicity of holiday hooliganism, they are unlikely to favour an official review of the problem. They believe the problem is under control and can be best dealt with by themselves.

Travel agents, however, may put extra pressure on operators to bring in tougher procedures for next summer if disgruntled holidaymakers make it clear that they want a trouble-free fortnight in the sun.

Moscow delay on Iran deals

BY PATRICK COCKBURN AND EDWARD MORTIMER IN MOSCOW

THE SOVIET UNION has told an Arab delegation to Moscow that it would not for the moment implement its economic agreement with Iran signed last month. The reason, it said, was pressure on Tehran to agree to the UN resolution calling for a ceasefire in the Gulf war.

Soviet officials also told the Arab League delegation led by Sheikh Sabah Al-Ahmed Sabah Al-Khalifa, Foreign Minister, that Moscow would ultimately back a UN resolution imposing an arms embargo on Iran but stressed that the Soviet Union did not believe the embargo would be effective.

An Arab diplomat said yesterday in Moscow, however, that the Arab League delegation had been reassured by Mr Eduard Shevardnadze, the Soviet Foreign Minister, and Mr Mikhail Rykhlov, the Soviet Deputy Prime Minister, that there were limits to the improvement in Moscow's

relations with Iran which followed visits to Tehran by Mr Yuli Vorontsov, the Soviet first deputy Foreign Minister.

Agreement in principle was also reached on economic co-operation including sale of Iranian gas to the Soviet Union and possible export of Iranian crude oil across Soviet territory to the Black Sea.

Moscow further underlined the limits of its co-operation with Iran last week by refusing to allow Mr Mohammed Larijani, the Iranian Deputy Foreign Minister, who was also visiting Moscow, last week to see the Soviet Defence Minister.

Mr Larijani was evidently seeking military assistance from Moscow which it has hitherto refused to Iran.

The Soviet Union has been Iran's main arms supplier since the start of the Gulf war in 1980.

Although Soviet officials are pessimistic about Iran's

seriousness in talking about a ceasefire they also say they want to give the peace mission by Mr Perez de Cuellar, the UN Secretary-General, who is due to start talks in Tehran today, the best possible chance of success.

To this end Moscow has pressed Baghdad to halt for the moment its air attacks on Iranian tankers in the Gulf.

According to the Arab diplomat it was Mr Yuli Vorontsov who originally persuaded Iraq to stop the attacks for a short period after the UN Security Council called for a ceasefire.

The chief concern of the Soviet Union in the Gulf is that Iran might follow its missile attacks on Kuwait by ground attacks which would give Kuwait no option but to call for US assistance.

Moscow appears confident that the US will not wish to get involved in a full scale war with Iran.

Israeli trade deficit 50% wider

BY ANDREW WHITLEY IN TEL AVIV

ISRAEL's foreign trade deficit widened by 50 per cent in the first half of 1987, compared with the first half last year, to reach a record \$2.5bn.

Imports rose by 24 per cent in the first six months while exports—including sales to the occupied West Bank and Gaza Strip territories—were up by 17.5 per cent.

But there was better news from the latest monthly figures, as the growth in exports outstripped the import surge

threatening the country's balance of payments, for the first time since early 1986.

According to the government Central Bureau of Statistics, during the four months to the end of August, exports (excluding diamonds) were up by 10 per cent over the January to April period. The import growth, by contrast, slowed to 3.5 per cent.

Part of the improvement can be attributed to the delayed

effects of the 10 per cent devaluation of the shekel against the US dollar in January. An apparent decline in imports, restocking was also responsible.

The most hopeful sign for the Government, anxious to push economic growth above its present anemic rate, came from the surprisingly strong export performance revealed by the statistics office. So far this year, total exports have reached \$5.23bn—up by 17 per cent on the equivalent period of 1986.

US aid to Portugal fell from \$207.5m in 1985 to \$189.3m in 1986, and is expected to drop to \$147.4m this year.

Kenneth Gooding reports on motor trade predictions in Frankfurt Europe 'to face harder challenge'

THE EUROPEAN motor industry faces even more severe competition from other parts of the world in the 1990s, and one of the best ways it can meet the challenge is through strategic alliances, said Mr Carl Hahn, chairman of Volkswagen, yesterday at the closing session of the conference.

"Mergers can be considered as a last resort, sometimes necessary, but I believe the peripheral alliances—governed not by nationality but combining capital and opportunity in rational ways and for strategic consideration—will serve all of us best," he said.

Strategic alliances with varying partners—depending on the problem to be solved, whether product or regional—are already a fact and a continuing necessity, benefiting all world players and the consumer.

The European industry faced not an American or Japanese attack but a combination of Japan and America in many ways. "For example, there is no Korean manufacturer without Japanese or an American affiliation."

The competitive effort of the inter-related US and Japanese companies, and their Korean satellites, would intensify after 1992, when the European Community removed barriers to free trade.

"The European industry should not retreat behind protectionist walls, which 'not only institutionalise weakness but guarantee decline, and certainly rob us of the opportunities of this century and the next,'" said Mr Hahn.

Mr Mark Snowden, principal at Boco-Allen and Hamilton, the international business consultancy, suggested that, in many cases, strategic alliances would be the preferred solution for the components industry as it faces a future where each company would require a range of skills and activities, from

pure research through applicants and developments, to eventual high-volume, low-cost production.

"Not many companies are, or will be, capable of operating in each of these activities to world-class levels of performance," he said.

Mr Snowden said the European automotive component industry was entering a period of turbulent change. "Within a decade, it will be a very

different industry from the one we observe today. A largely national structure will be replaced by a primarily pan-European one."

It's existing fragmented pattern will have become much more consolidated. Ownership patterns will drastically change, and some of the proud names will be gone or absorbed."

Within ten years, said Mr Snowden, the European motor components industry turnover would grow from an annual \$70bn to \$100bn but the extra business might not go to existing manufacturers.

Indeed, new entrants may grab more than the \$30bn and cut deep into the cake the industry now shares."

Mr Walter Frey, president of Emile Frey, the car importer and distributor, said manufacturers could not take a pan-European approach to car mar-

keting because "Europe is one market only on paper. In reality, it is a collection of many individual, smaller or larger 'specialty markets'."

"What I believe in is a basic, pan-European approach in brand philosophy—where the manufacturer serves the target—and then the local importer-distributors try to reach this target in a language the local buyers understand and respond to."

"This means the manufacturer states the unique selling proposition of his latest product and provides a corporate identity policy and a communication target. But, after that, the local marketing agencies, all selection, interpretation and execution of marketing communications."

Mr Ren Sewell, chairman and managing director of Sewells International, the motor trade consultancy, said the motor industry needed to concentrate primarily on satisfying customers, rather than putting technology or production at the top of its list of priorities.

He suggested there will be a car retailing revolution, with fewer bigger and better dealers. Three types of dealerships might emerge:

1. There could be exclusive shops concentrating on particular car customers.

2. Specific types of cars, rather than one manufacturer's complete range.

3. Motor centres where each customer service—such as new cars, used cars, new car services, used car service and so on—would be branded differently, and customers would be treated differently, might be set up as well.

Multi-brand car supermarkets, based out of town, would almost certainly be a feature of future car retailing.

Mr Sergio Pininfarina, president of Pininfarina, the Italian design house, pointed out that the design today is more technical, more complex, more mature and consequently more responsive to the real needs of the consumer.

"Different car models—such as inter-city, town, sports, off-road—will continue to exist and will be improved, though production will mostly be centred on compromise versions tending to satisfy all these different demands," he said.

Mr Robert A. Katz, executive vice president of Chrysler Motors Corporation, dealing with his company's return to the European market, said that Chrysler was particularly excited about prospects for Jeep.

Chrysler acquired the Jeep brand recently, when it bought American Motors from Renault. "The European, all-wheel-drive market has doubled in the past four years, and in the next four is expected to grow by another 115,000 units."

Jeep is well positioned to take advantage of this growth. Starting from a low of just 1 per cent of the European market in 1983, Jeep's share of the all-wheel-drive sector has more than quadrupled since then," he added.

Mr Lutz also revealed that Chrysler might ultimately sell its US cars in the UK, but that was "way off in the future," in view of the need to provide right-hand-drive versions.

Mr Peter Schmitz, president of Porsche, said the most important asset of the industry was the skills of the people it employed. Porsche's long-range planning was based on the concept of attracting the best people, giving them room to perform and motivating them well by providing them with a shared vision of what the company ultimately aimed to achieve.



UK NEWS

Tebbit ready to resign as Tory party chairman

By Peter Riddell, Political Editor

MR NORMAN TEBBIT is set to step down as chairman of the Conservative Party soon after its conference in Blackpool next month, with Lord Young, Trade and Industry Secretary, widely expected to succeed him.

However, Mrs Thatcher has not yet taken a final decision and there is a debate among senior Tories about whether Lord Young can combine the chairmanship with his existing post.

Mr Tebbit has made no secret of his desire to surrender the chairmanship after completing a review of the Conservative Central Office organisation and of the broader implications of the general election. He left the Cabinet immediately after the election.

The timing of Mr Tebbit's resignation is intended to give him an opportunity to present his views to the Blackpool conference. Lord Young has been the obvious successor ever since he worked alongside Mr Tebbit in the Central Office during the general election campaign as Mrs Thatcher's personal representative.

Conservative leaders believe that any new chairman has to have both Mrs Thatcher's total confidence and the ability to reorganise the Central Office and its relations with constituency parties.

Allies of Lord Young at Westminster believe he can combine the post with his present one but others involved in the decision are more sceptical and believe that such an arrangement could produce considerable criticism and result in an unfair burden on Mr Kenneth Clarke, who has been his Cabinet-level deputy for two years, first at Employment and now at Trade and Industry.

However, Lord Young undoubtedly has the confidence of Mrs Thatcher because he is a valued adviser and executor of policies without being a possible successor.

A key question would be whether Lord Young would be an interim appointee serving up to the middle of this parliament until someone was appointed to handle the election preparations as happened in both 1981 and 1985, or whether he would serve throughout.

Ulster unionist chief quits to take TV job

By our Belfast correspondent

MR FRANK MILLAR, general secretary of the Official Unionist Party and one of its most talented young figures in unionist politics in Ulster, has resigned to take a television job.

Mr Millar, 32, told the party yesterday he had accepted a research post with London Weekend Television's current affairs programme, *Weekend World*.

His resignation was the second surprise departure in Ulster politics this week. On Tuesday Mr John Cusack, leader of the nationalist Alliance Party, stepped down after three years to seek a full-time job.

Mr Millar, son of a unionist member of Belfast council, is thought to have felt dissatisfied with the response of Mr James



Norman Tebbit: desire to resign

able criticism and result in an unfair burden on Mr Kenneth Clarke, who has been his Cabinet-level deputy for two years, first at Employment and now at Trade and Industry.

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Midland to extend opening in 56 branches

By Richard Waters

MIDLAND BANK dealt a decisive blow in the battle for longer opening hours yesterday, with the announcement that it is to become the first clearing bank to keep a significant number of its branches open beyond 3.30 pm, the traditional bank closing time.

From November 2, 56 of its 2,000 branches will stay open until 5 pm. They will also open for an extra three hours on Saturday, to 3.30 pm. A full banking service will not be available, however.

Up to 200 other Midland branches are likely to follow suit over the next four years. The move gives Midland, which has been the least adventurous of the big clearing banks in experimenting with longer opening hours, the lead in a contest to stay open longest.

Barclays is the only other bank to have experimented with late opening. But a trial involving 20 branches around Reading and Cambridge, launched in April, is due to end this month.

National Westminster says it is "working towards a pilot study" on extended hours and is conducting research to discover if customers would welcome late opening.

All the main clearing banks have some branches that stay open late to coincide with late night shopping, while the TSB's 1,240 branches are all open until 4 pm.

"By being open longer and making ourselves more available, we should be able to cover the needs of our customers more often," a Midland spokesman said yesterday.

"They might buy more of our products. It seems to make sense to be open for longer. The Midland branches which open late will not offer a counter service. Each has automated machinery to deal with cash transactions and a limited range of inquiries.

Staff will be available to open accounts and arrange mortgages and other loans. They will also give limited advice on pensions and insurance.

The number of staff will match the level of demand. It will be a small team with the necessary skills," the bank said. The Midland has reached agreement with the Banking, Insurance and Finance Union on the longer opening hours.

A flexible rostering system will be used to staff the branches and, according to the bank, there will not be longer working hours. Barclays and Lloyds already offer a full counter service in branches that open on Saturday mornings. Lloyds has more than 400 branches, against 50 for the Midland. *Lex*, Bank Page

LRT to close maintenance and building section

By Nick Garnett

LONDON Regional Transport is to close the remaining sections of its direct maintenance and building department with the loss of 250 jobs.

It said yesterday that the general maintenance, plumbing and fabrication services of LRT Builders could not achieve the target of breaking even this year.

LRT departments have had to compete with outside contractors since 1984. Two years ago LRT Builders employed 1,300 people but its workforce has dropped steadily as increasing amounts of work have been contracted out.

A loss of more than £2m is forecast for the three remaining sections this year.

LRT has tried to sell its direct labour department which has principally been servicing London Underground and Greater London Council. It said yesterday that there was still a chance its fabrications operations could be sold.

M & G's unit trust head to retire in March

By Nikki Tait

M & G, Britain's largest unit trust company, is to lose a third member of its long-established senior staff.

Mr David Tucker, managing director of M & G Securities—the unit trust arm—and deputy managing director of the group, announced yesterday that he plans to retire on March 31.

His departure follows that of Mr David Hopkinson, the rum-bustious former deputy chairman and managing director of the group, who retired last February. Also poised to depart at the end of October is Mr Malcolm Block, who takes responsibility for M & G's international investments.

By the time Mr Tucker, who is 48, departs he will have had 20 years' service with the unit trust group. He joined in 1968, a chartered accountant with 15 years' working experience and has been with M & G ever since. "Surprised?" queried Mr Hopkinson, from his Sussex retreat yesterday. "Not at all—it is a long time to be doing one job. It sounds very sensible to me."

Yesterday, Mr Tucker maintained firmly that he was quitting the City and had no intention of being lured back.

He maintained that there is no ambition to "do it all again," nor—in spite of flattering offers—"to work for the enemy."

"The candle of ambition really has burnt that low. I want to stop living at 100 miles an hour and always having to go home to a house in the dark." The decision, he says, was made on holiday and he has no idea what the future—beyond "a bit of property here and there"—may hold.

If the announcement caused little surprise in the Hopkinson household, it produced plenty of raised eyebrows in the City. Much of the top management at M & G has been with the group since the 1960s. Mr Hopkinson joined in 1963; joint deputy chairman John Fairbairn, in 1961; Mr Paddy Linaker, Mr Hopkinson's suc-

cessor, in 1963.

On the investment management side, Mr Block—who is moving to Australia—joined in 1966, and a number of his senior colleagues are equally well established.

Moreover, Mr Tucker was widely regarded as a potential heir apparent to Mr Linaker, some six years his senior. "He is certainly giving up a hell of a future," commented one observer yesterday.

Mr Tucker's absence could suggest a potential gap on two fronts. As an investment manager, he has been responsible for M&G's success in picking undervalued, recuperating stocks. In particular, he has run the recovery fund from its inception in 1969 to today, where it is worth £500m. Moreover, in Mr Hopkinson's absence, he has tended to become the mouthpiece for M&G's outspoken views on many of the City's thornier issues.

Mr Linaker denies that M&G will change in either respect. "The philosophy is totally the same—I think it is imbued, and I don't doubt we'll continue to speak out." As far as the recovery fund is concerned, another member of the management team, Mr James Shillingford, will pick up the reins and Mr Tucker's long "notice period" is designed to enable a smooth handover.

In spite of M & G's decision to stand aside from the current shuffling within financial services, and stick to the unit trust business it knows so well, both Mr Tucker and Mr Linaker conceded that changes are taking place.

"It used to be almost a family business," says Mr Tucker. Now internal systems are undergoing an upheaval as computers play a greater part.

Mr Tucker will leave M & G with a personal stake in the company. He holds shares worth close to £750,000—and options over 128,000 shares at £17m.

The company said it did not expect a dramatic increase in the number of people using the drug. Wholesalers will, in future, be able to keep supplies of Retrovir and it may become available on prescription.

Doctors in several US cities are conducting trials involving 1,500 patients to help to determine if the drug does help delay the onset of AIDS in people infected by the human immunodeficiency virus.

Wellcome to widen AIDS drug distribution

By Lynton McLean

DISTRIBUTION of the AIDS treatment drug Retrovir is to be widened by Wellcome following improvements in supply, the pharmaceutical company said yesterday in a statement to the Stock Exchange. Its shares rose to 481p, up 19p on the day.

The limited distribution system so far operated had been necessary because of the restricted amount of raw material and processing capacity available and the need to target the

drug on those sufferers most likely to benefit.

Wellcome said: "In the US Retrovir will be available through normal distribution channels within the next few days. Subject to discussions with appropriate authorities, company subsidiaries are taking similar steps in other countries where Retrovir is approved for use."

Retrovir is the brand name for zidovudine, formerly known as AZT. It has been shown in

laboratory tests to have anti-viral properties, including action against the human immunodeficiency virus (HIV), the active agent in AIDS.

The drug inhibits the growth of the virus but has side effects including weakening of the bone marrow and anaemia. Almost half the patients treated need subsequent blood transfusions.

Wellcome has expanded its production capacity for Retrovir at plants at Dartford, Kent and at Greenville, North

Carolina, with an investment of £17m.

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Doctors in several US cities are conducting trials involving 1,500 patients to help to determine if the drug does help delay the onset of AIDS in people infected by the human immunodeficiency virus.

Accord will help ECGD refinance £8.5bn of loans

By Peter Montague

World Trade Editor

THE GOVERNMENT and City banks yesterday formally announced a medium-term export credits accord that will allow the Export Credits Guarantee Department to refinance up to £8.5bn of existing loans in the international capital markets.

The agreement is designed to reduce the cost to the Treasury of subsidising interest rate on export credits, both through the refinancing operation and through a cut in interest margins paid to banks which provide export credit finance.

Informal estimates suggest that the Government could save as much as £5m a year for each £1bn of loans refinanced. The total potential savings of more than £40m.

The ECGD credit portfolio, which stood at £11.9bn as recently as March last year, is shrinking rapidly due to the scarcity of new export contracts won by British companies.

This means that the savings as a result of refinancing are likely to be relatively short-lived, even though they will initially be larger than those derived from the cut in interest margins paid to banks. As already reported, the new margins range from 1 per cent to 1 1/2 per cent.

They will be in effect for five years from December 1.

Sheep movement bans reimposed

By Max Willmson

Resources Editor

BANS ON the movement and slaughter of sheep have been reimposed at 21 farms in Gwynedd and Clwyd, North Wales, after the latest tests for scrapie.

The ban was imposed after a nuclear fallout from the Chernobyl disaster 15 months ago.

Listener publishing link likely

By Raymond Snoddy

INDEPENDENT television companies have agreed in principle to form a joint venture company with the BBC to publish the Listener. The general interest in the Listener has been revived by the corporation since it was launched in 1929.

A joint committee will meet for the first time next week to discuss the project. Its members will include Mr Michael Chabon, BBC director-general, Mr Richard Dunn, chairman of Independent Television Publications which pub-

lishes TV Times, suggested that the BBC was subsidising the publication in some form of between £300,000 and £500,000 a year.

Such figures would suggest that the joint venture would need about £1m capital to give the magazine a secure financial base. Its circulation is about 33,000.

Channel 4 is also likely to back the project and independent television executives would also like to see commercial radio stations become involved.

Murdoch seeks Shah's stake in Today

By Raymond Snoddy

MR RUPERT MURDOCH'S News International is seeking to buy a 10 per cent stake in the Today newspaper by Mr Eddie Shah, its founder.

It is believed that informal talks have already been held. News International's aim is to tidy up the last remaining minority shareholding, following its purchase of the paper from Lomro earlier this year for £38m.

Mr Shah, publisher of the Warrington Guardian series of newspapers, refused to comment yesterday. One option is for Mr Shah to retain his shareholding and hope that it will greatly increase in value if Mr Murdoch succeeds in turning the loss-making paper into profit.

Associates suggest that Mr Shah, who played an important role as a catalyst in the trans-

formation of the labour practices and cost structures of Fleet Street, would be unlikely to sell his stake for less than £1.5m.

Today, under its new editor, Mr David Montgomery, has at least stabilised the circulation inherited when the paper was bought from Lomro at the end of June.

Today had an average daily circulation of 329,000 in August.

Clothing manufacturing technology centre opens

By Alice Rawsthorn

A CENTRE to co-ordinate research for the development of new technology in the clothing industry was opened in Northampton yesterday.

In its first five years the Clothing Technology Centre should receive more than £125m in research funding. It will be financed partly by contributions from clothing manufacturers and partly by grants from the Trade and Industry Department.

The centre has been established on the initiative of the British Clothing Industries Association, which represents manufacturers. It will be housed within SATRA, the foot-

wear technology centre.

Three projects will be conducted in the centre's first two years. All will concentrate on developing ways of using technology to improve productivity and flexibility.

In recent years the pace of technological change in the clothing industry has accelerated. Automation has played an important role in reducing the cost structure of clothing manufacturers and enabling domestic companies to compete against imports from British companies.

Last year UK manufacturers produced clothing worth £4.34bn.

BT overcharged Bank of England by £250,000

Financial Times Reporter

BRITISH TELECOM admitted yesterday that it had overcharged the Bank of England by £250,000.

The amount had accumulated over a period and was discovered after both organisations went back over their records.

BT said the matter had been settled amicably. Its records and the Bank's were now in accord. Inaccuracies in recording keeping within both organisations had been caused by the rapid growth in telecommunications demands.

"It was not in any way related to meter pulse inaccuracies," BT said.

Andrew Taylor and Terry Dodsworth on the Freeman Fox and John Taylor merger

Constructing a marriage of mutual design

THE BEST marriages are mutually inspired. A casual conversation over drinks in Hong Kong has led to a merger between two of Britain's leading consulting engineers with neither side quite sure who proposed to whom.

Freeman Fox and John Taylor were working together on the same project when the conversation led to the future of world construction.

They both concluded that they had the same problems. Says Mr Robert Channing Pearce of Freeman Fox: they were too small, they were being squeezed by big contractors and were having to carry increasing overheads as margins were shrinking.

They believe the combined firm will benefit from a greater range of skills, greater financial muscle and a wider spread of offices around the world.

Even together, the new group will be well below the size of the largest international consultants. Freeman, although world renowned for the develop-

ment of the box girder suspension bridge, has had mixed fortunes in recent years, including the partial collapse of the West Gate Bridge in Melbourne and similar problems at a bridge at Milford Haven in Wales.

The firm generated revenue of only £18m last year while John Taylor's revenue was £12m. Both say that ideally they would like to be bigger and that within weeks they expect to be in serious discussions on a further deal.

One of the biggest changes in recent years in world construction has been the movement away from traditional contracting by big construction groups into design and project management.

The days when contractors just poured concrete have long gone. They are increasingly moving into areas which specialists such as consulting engineers and architects have in the past regarded as their province. Big contractors like Bechtel

of the US, Kumagai in Japan and Bouygues in France have their own project management and design-and-construct operations. US project manager Schal and Tishman has recently moved into British companies, Tarmac and Wimpey, to provide construction management in the UK.

The pressures from larger and wealthier companies moving into their preserve is not the only challenge facing established consulting engineers.

A new generation of consultants has emerged, particularly in the Far East, increasing competition for work as the number of large projects around the world has declined. Mr Channing Pearce, who will become deputy managing director of the merged firm, says that when Freeman Fox built its first Malaysian highway in 1971, it employed only expatriates. "Nowadays if we work in Malaysia virtually all the engineers are local and we

send out only a few of our senior people to do the top-level project management."

The growth of engineering consultancy in the Far East has come on the back of the development of British companies, local contractors in the region.

This trend, say European consultants, has been helped by pressures from domestic governments and international development agencies, such as the World Bank, which are keen to encourage the employment of local people.

Economic constraints and mounting international debts in the developing world have reduced construction workloads substantially. The industry has had to become more sophisticated in providing the technical, and increasingly financial, expertise required by clients.

Companies able to provide all these disciplines under one roof have an advantage in this new climate. Government agencies are becoming increasingly attracted by build/operate/

transfer arrangements under which private consortia finance and construct projects such as power stations and water supply facilities which the consortia operate for the government, charging a fee.

After an agreed term, during which the consortium pays for the project and makes its profit, the assets are handed back to the state. Build/operate/transfer schemes have been highly successful in Hong Kong. Several schemes have been mounted in Turkey. The Channel Tunnel and the proposed new Dartford crossing are prime examples of build/operate/transfer projects.

By achieving greater size, Freeman Fox and John Taylor believe they will be in a stronger position to play an integral role in these new consortium ventures.

A recent report by the National Economic Development Office recently criticised Britain's failure to win more orders overseas.



David Tucker: plans to retire

75p. In the market, they are trading at 377p. That, he says firmly, is one link he does not intend to sever.

NFC agrees Japanese joint venture

By Nick Garnett

THE NATIONAL Freight Consortium, the UK's largest freight transport, storage and distribution company, announced a deal yesterday with the Shibusawa group of Japan.

NFC International, one of the consortium's ten operational arms, is setting up a joint venture with Shibusawa, in which the Japanese group will have a 60 per cent stake and manage the company.

Shibusawa is the fourth largest warehousing, removals and distribution business in Japan and the agreement represents the first move by a British distribution company of this kind into Japan. The new company will be called Pickfords-Shibusawa.

NFC International has operations in a number of countries, usually through joint venture arrangements, including Spain, Australia and the US.

Shibusawa, using the expertise of Pickfords, is keen to take a larger share of business carried by Japanese individuals and companies moving overseas.

ECONOMIC DIARY

TODAY: EC finance ministers start two-day informal meeting at Fuen, Denmark.

TOMORROW: Department for National Savings publishes August monthly progress report. Liberal Party assembly opens at Harrogate (until September 18).

MONDAY: Trade and Industry Department publishes August provisional figures for retail sales and producer price index numbers. EC foreign ministers meet in Brussels. British Coal and NUM meet for talks on disciplinary code. Mrs Edwina Currie, Health Minister, opens pharmaceutical conference. Manchester Women Mean Business awards. Mayfair Hotel, London. Mr Douglas Hurd, Home Secretary, opens international police exhibition and conference. Barrow, Lancashire. European Parliament session opens. Strasbourg (until September 18).

TUESDAY: Prince Charles Commonwealth Agricultural Bureau Centre, Wallingford. Bank of England publishes international banking statistics. Labour Party national executive meets. Mr George Shultz, US Secretary of State, starts meeting with Mr Edward Shevardnadze, Soviet Foreign Minister, in Washington (until September 17). Launch of Ariane space rocket. Kourou, French Guiana.

WEDNESDAY: Public sector borrowing requirement for August. Index of output of the production industries in July. Environment Department publishes quarterly volume covering housing and construction statistics (part 1, No. 30, June quarter); and the statistics up to the second quarter on house-building starts and completions.

THURSDAY: Second quarter revised figures of capital expenditure by the manufacturing and service industries. UK balance of payments for the second quarter. Employment Department publishes Labour market statistics: unemployment and unfilled vacancies (August—provisional); average earnings indices (July—provisional); employment, hours, productivity and unit wage costs; industrial disputes. EC budget ministers start two-day meeting to try to finalise a draft for next year's community expenditure which can be examined by the European Parliament.

FRIDAY: Building societies monthly figures for August. Provisional estimates of money aggregates (August). London and Scottish banks monthly statement (August).

The Economist conference on the privatisation of the water industry. Marriott Hotel, London. Green Party annual conference opens, Birmingham (until September 20).

GRANVILLE

SPONSORED SECURITIES

High Low	Company	Price	Change	div.(p)	%	P/E
206 133	Ass. Brit. Ind. Ordinary	203	—	7.3	3.8	12.4
206 145	Ass. Brit. Ind. CULS	203	—	10.8	4.8	—
41 34	Arlings and Rhodes	40	—	4.2	10.5	5.8
142 67	B&S Design Group (USM)	103 1/2	+ 3	2.1	2.0	16.4
172 108	Bardon Group	172	—	2.7	1.5	28.4
182 96	Bry Technologies	182	—	4.7	2.6	14.8
265 130	CCl Group Ordinary	265	—	11.8	4.3	8.8
141 98	CCl Group 11pc Conv. Pref.	141	—	16.7	11.1	—
171 138	Carborundum Ordinary	168	—	8.4	3.2	14.7
102 91	Carborundum 7.5pc Pref.	102	—	10.7	10.5	—
136 87	George Blair	136 1/2	+ 1	3.7	2.7	3.5
143 119	Ials Group	120	—	—	—	—
83 59	Jackson Group	83	+ 1	3.4	4.1	9.2
490 321	James Burroughs	490	—	18.2	4.0	10.2
87 86	Jackson Through 8pc Pref.	85 1/2	—	12.9	3.8	—
780 500	Multiserve RV (Amstar)	505	—	—	—	20.0
585 351	Record Ridgeway Ordinary	580	—	1.4	—	11.7
87 83	Record Ridgeway 10pc Pref.	87	—	14.1	16.2	—
91 68	Robert Jenkins	68	—	—	—	3.0
124 42	Scruttons	124 1/2	us	—	—	—
220 141	Torday and Carlisle	220	—	6.8	3.0	10.5
42 32	Trevelyan Holdings	42 1/2	us	0.8	1.8	3.5
131 75	Unilever Holdings (SES)	105 1/2	—	2.7	18.5	—
221 115	Walter Alexander	221 1/2	us	5.9	2.7	16.4
198 190	N. S. Vestus	198	+ 1	17.4	6.8	19.8
175 96	West Yarks Ind. Hosp. (USM) ..	140	—	5.5	3.9	14.9

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UK NEWS — THE TUC AT BLACKPOOL

Unions to seek the means to an agreed goal

THEY FINISHED as they started: nervous, anxious, uncertain, knowing they had to do something, but unsure what the Trades Union Congress ended yesterday with the traditional symbolic display of unity: arms linked for Auld Lang Syne.

In spite of the endlessly forecast, reported and even actual splits, there has been unity in Blackpool this week — a shared desire for trade unions to make themselves and their members a better place, in a changed industrial, political and social structure which seems increasingly to be marginalising them.

However, they are very far from united about how to do it. Fred Jarvis, the retiring TUC chairman, said yesterday: "On no occasion was there disagreement about ends: it was only about the means to an end."

Should the means be the way of Mr Arthur Scargill and the National Union of Mineworkers, and Mr John Macreadie and the CPGB civil servants — reinforced collectivism, restated strength, renewed militancy? Should it be the way of Mr Eric Hammond and the EFTU electricians and Mr Bill Jordan and the AEU engineers — new individualism, employer appeal, co-operation rather than conflict? Should it be the way of Mr John Edmondson, general secretary of the GMB general union and Mr Norman Willis, the TUC general secretary — new morality, new frontiers for unionism, trying to crack growing non-unionism.

Such divergent strands of

Reports by
Philip Bassett,
David Brindle,
Jimmy Burns
and John Gapper
Pictures: Alan Harper

unionism were well-known before, but were on parade more publicly and forcibly than before in Blackpool in a week of what Mr Willis yesterday called hard words. Concentrated media coverage of the TUC, especially by television, is something the unions want, to try to get their message across to the public. But they find it difficult because it places them in a spotlight in which they are often uncomfortable.

Away from the cameras, the TV are lights and — increasingly — newspaper reporters' computers, the hard words will have to be turned into hard work. Next week, TUC officials reassemble in Congress House will start putting into effect currently-sketched plans for a year of minute, detailed self-examination — a review of union purpose and organisation. It won't be easy. Union leaders have spent the week in Blackpool sticking out their positions, but as Mr John Morton, general secretary of the Musicians' Union, said, the only real chance of the review body's success in finding a future for British trade unionism is if



Fred Jarvis wearing the West Ham United scarf and hat presented to him by general council members at the end of Congress

those taking part in it are prepared to compromise, prepared to believe that perhaps not every aspect of their own vision of where unions should be going is inviolate.

Mr Willis' proposals for new union organisation, especially in non-union areas, have been criticised by TUC leaders on the left, right and centre of the unions. In Scotland, Mr Campbell Christie, the dynamic left-wing Scottish TUC general secretary, has been quietly plunging a similar furrow — with rather more success than the TUC south of the border has so far been able to achieve.

Scotland, with a unionisation rate of about 8 per cent — some

10 percentage points higher than the overall rate for Britain — has long been a bastion of trade unionism. Industries such as shipbuilding, coalmining and heavy engineering, all with high union densities, have been prominent, and Scottish unions remain an integral and important part of the mainly anti-Conservative social and political fabric in a way their English counterparts do not.

With those industries in decline, and the inflow of a number of foreign-owned, often American, high-technology companies into the "silicon glen" of Scotland's central lowlands — many of them non-union — the position facing unions in Scot-

land is changing, and the unions are changing with it.

Mr Christie has set up a team of academic advisers to draw together the available work on non-unionism and recruitment, and services available to union members, to help evaluate the size of the problem and the methods available to counter it. Scottish TUC leaders recognise that all this may be unsuccessful. But at least they are doing something now.

But whether the TUC's efforts produce any solutions or not, having the review loses the unions time, and will allow the events with which they are trying to come to terms to march on unhindered.

Jenkins elected council chairman

THE TUC General Council, in its first meeting after the close of the TUC Congress yesterday, elected Mr Clive Jenkins, general secretary of the white-collar ASTMS, as its chairman for the coming year.

Mr Jenkins' election comes at a time when he is spearheading a merger of his union with the manufacturing union TASS. The two unions will next weekend hold joint conferences on the proposed merger, and plan to ballot both memberships on the plan within days.

Mr Jenkins yesterday stressed the importance to unions in the coming year of trying to attract many more women members and of dealing more effectively with women's issues.

He also saw Europe as an important area for UK unions' activities, especially on legal issues. He stressed the importance of a key ruling this week under European law that women workers must be paid the same severance or redundancy pay as male colleagues.

The TUC should hold talks directly with the CBI, he said, to try to make joint progress on a range of issues.

Mr Jenkins, 61, has served on the TUC General Council since 1974. He will chair its monthly meetings, is likely to chair its special review body established this week in Blackpool, and will preside at the 1988 TUC Congress in Bournemouth.

Anger expressed at Spycatcher banning

A COPY of Mr Peter Wright's book about the workings of the security services Spycatcher, was held up from the rostrum as Congress expressed anger at the banning of its publication in Britain.

Mr Harry Conroy, general secretary of the National Union of Journalists, moved an emergency motion saying that censorship by the courts had brought the administration of justice "into public ridicule and contempt" and calling for an inquiry.

Mr Conroy was warned by Mr Fred Jarvis, the Congress president, not to read out extracts from the book during his speech because it might lead to television coverage of the debate being curtailed.

"Do not make an already ludicrous situation even more absurd," Mr Jarvis said, adding that there was a risk he would be jailed if Mr Conroy read out any passages.

Mr Conroy held a copy of the book up before delegates and said: "It is actually quite a good book. It is about getting rid of a democratically-elected government, but I am not allowed to tell you that."

He said that the story told in Spycatcher — of an alleged attempt by MI5 to de-stabilise a Labour administration led by Mr Harold Wilson — made the Watergate and Irangate con-



Harry Conroy holds aloft copy of Spycatcher

troversies fade into insignificance.

The motion was seconded by Mr John Ward, general secretary of the First Division Association of senior civil servants. He said essential civil liberties were being put at risk by the Government's legal campaign against the book.

The motion — alleging that the "side-issue of confidentiality" had been allowed to distract attention from allegations of high treason — was carried unanimously.

Pledge to improve links with Europe

CONGRESS agreed to redouble its efforts to secure affiliation to the European TUC of the ostracised communist- or influenced trade union centres in France, Portugal and Spain.

But Mr Ron Todd, chairman of the TUC's international committee, said it would be counter-productive if congress took a unilateral step to invite these centres to send representatives with "official visitor" status.

The resolution passed by congress marks a fresh attempt to heal a long-standing rift within the European union movement.

Mr John Tuckfield, National

Office of Tass, the manufacturing union, told delegates the British TUC should "break the logjam" by awarding official visitor status to representatives of the Comisiones Obreras (Portugal), the CGT (France) and Intersindical (Spain).

Accepting the resolution with reservations, Mr Todd said on behalf of the TUC General Council, that experience had shown that European union unity would only be achieved with the acquiescence of all ETCU affiliates.

In that context, Mr Todd said, it would "not be helpful" for congress to take the initiative on its own.

Support for Government's reform plans

BY DAVID BRINDLE, LABOUR CORRESPONDENT

THE GOVERNMENT, facing widespread criticism of some of its proposals for further trade union reform, has received welcome support from several employers.

It is believed that Rover Group, the Newspaper Society and the Association of Independent Businesses, representing a claimed 25,000 small companies, are among those who have responded positively to the Green Paper, Trade Unions and their members.

Few, if any, employers have so far come out publicly in support of all of the proposals, which are expected to be set out in a bill next month.

Instead, employers have commonly expressed serious reservations about which would prevent unions disciplining members who defied a lawfully balanced strike.

It was disclosed this week that even the Conservative Trade Unionists group had come out firmly against this

proposal and had expressed doubts on another.

However, the Newspaper Society — the organisation representing the regional press — confirmed yesterday that it had given broad approval to the Green Paper. While it understood others' reservations on the discipline issue, it felt the proclamation of a right to work to be more important, it said.

Rover Group, the state-owned car producer, said it, too, had

backed the Green Paper proposals — though not

Ministers are making efforts to appease the most prominent critics of its proposals in a series of meetings. However, it has been stressed that the main plank of the Green Paper will feature in the bill.

Ministers point out that many of the critics also had doubts about the Trade Union Act 1984, but have since come to appreciate its benefits.

Press diversity 'not hit by cost of employing printers'

THE CLAIM that diversity of the national press had been limited by the cost of employing print workers has now been shown to be false, Congress was told by a leader of the NGA print union.

Mr Bob Tomlins, NGA national officer, said that about 15,000 print workers had lost their jobs in the past two years as newspapers switched to "direct input" methods of setting type.

But the cloud of redundancy had not had a silver lining, Mr Tomlins said. The ownership of the national press had not

become significantly more diverse in that time.

Mr Tomlins said the one new national title that was making money was the tabloid Sunday Sport. This was being produced by traditional methods by members of the print unions who faced redundancy elsewhere, he said.

A motion requiring the general council to undertake a review to identify action "necessary to establish a genuinely free and diverse press" was passed after being seconded by the National Union of Journalists.

Royal Opera pay strike may be near settlement

BY JIMMY BURNS, LABOUR STAFF

A PAY strike by choristers of the Royal Opera House, which has disrupted the opening of the season, appeared yesterday to be close to settlement.

Equity, the actors' union, which is representing the 69 striking choristers, was expected to recommend a return to work next week after the management made an improved offer.

Details of the revised offer were not being disclosed. But union officials said it went "some way" towards meeting the choristers' demands for parity with the employees of the English National Opera.

The offer, believed to be more than 5 per cent extra on pay rates, was made yesterday after talks the previous day at Acas, the conciliation service, had appeared to make little progress.

Although the choristers had not discussed the fresh offer, Equity indicated it might be acceptable in view of the parlous state of the ROH finances. The ROH said yesterday that it was facing a shortfall of £1.5m over the 1987-88 season

because of the small projected increase in Arts Council funding.

The dispute has led to the cancellation of the season's opening performance of Tannhauser yesterday and next Wednesday. The cancellations have cost the ROH more than £20,000 in box office revenue.

The pay of professional singers in the UK was a disgrace, Mr Peter Plouviez, Equity's general secretary, told the TUC Congress in Blackpool yesterday.

Referring to the ROH, he said: "They have been paid so poorly that the most experienced, highly-trained chorus singer in the leading opera company of this country was only paid £176 a week."

"That visiting overseas singers are being paid between £2,000 and £3,000 per performance also indicates what a misguided sense of priorities the management have."

Mr Plouviez was speaking in support of a resolution critical of the "serious under-funding" of the arts and calling for increased government support.

Seamen lead way on using balloting services agency

BY JIMMY BURNS

THE NATIONAL Union of Seamen is to be the first union to use the new balloting services agency set up jointly by Unity Balloting Services, a subsidiary of Unity Trust, the trade union bank, and Security Balloting Services.

The NUS's decision to use the agency follows allegations earlier this year of malpractice in a previous election conducted by the union. The allegations led to a TUC inquiry.

The NUS said yesterday: "We want to ensure that everything

is above the table and that we all seem to be doing everything above the table."

A fixed-cost balloting service to unions was one of the initiatives announced by Unity Trust at the TUC Congress on Wednesday.

Under an arrangement with the NBS, Unity Balloting Services will this weekend begin to send out ballot papers to the union's 20,000 members in an election to choose their new deputy general secretary.

Funerals dispute ends

BY OUR LABOUR STAFF

A BITTER three-week dispute which halted council burials and funerals in Liverpool ended yesterday.

About 50 families were forced to wait to bury dead relatives, as a result of the strike by 30 cemetery drivers over a £10 a week pay rise.

Mr Ian Lowes, of the GMB general union, and a prominent supporter of the Militant

Tendency, said the drivers would return to work today and funerals would resume on Monday, after the union and council agreed the issue should be put to arbitration.

The dispute started when the drivers went on strike after they were not offered a £10 a week rise awarded to members of the Transport and General Workers Union.

Miners warned on effects of action

BY CHARLES LEADBEATER, LABOUR STAFF

BRITISH COAL yesterday warned that a national overtime ban by the National Union of Mineworkers could threaten the industry's future, in the light of increasing pressure from the Central Electricity Generating Board for the corporation to deliver cheaper coal.

British Coal will meet the NUM executive on Monday for important talks aimed at settling their dispute over the corporation's revised disciplinary code. The NUM executive last week decided to call a national overtime ban from September 21, unless a settlement was reached.

The CEBG has said the corporation will have to halve the price of power station coal over the next four years, to prevent the electricity supply industry turning to cheaper imports.

Mr John Northard, the corporation's director of operations, warned that industrial action could lead to pit closures. Members of the NUM executive believe British Coal is considering temporarily improving the terms of its redundancy scheme, possibly with the help of European Community funds, to facilitate a faster than planned shedding of labour.

While the demand for cheaper coal will strengthen British Coal's hand in the negotiations, corporation executives believe privately that there is only limited room for cost imports, because any substantial buying in the world market would raise the price of coal imported into Europe. British Coal supplies about 15m tonnes a year to power stations.

Monday's talks will centre on the NUM's insistence that disciplinary procedures should include some form of binding arbitration as the final court of appeal, rather than allow the union to support legal action by its members.

The breakdown Union of Democratic Mineworkers, which met the corporation yesterday, said it would strongly object to any change which would prevent it supporting legal action by its members in unfair dismissal cases.

However, neither Mr Kevan Hunt, the corporation's head of industrial relations, nor Mr John Lippert, the NUM's general secretary, ruled out the possibility that miners may be offered a choice as to which system should form the final court of appeal.



John Lippert: NUM general secretary

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OCTOBER ISSUE

As Swiss banks expand their international activities, increasingly looking abroad for growth, with London as a prime target, The Banker will review the Swiss banking and financial scene with particular reference to:

- ★ Banking Secrecy. An important element in the country's attractions to foreign money.
- ★ Stock Exchange. The Swiss stock market has enjoyed a good rise in prices, though increasing membership has caused problems for Zurich Stock Exchange.
- ★ Sofex. The new Swiss Options and Financial Futures Exchange, due to open March 1988, is attracting strong interest from domestic and foreign institutions.
- ★ Liechtenstein. Review of increased international banking activities.

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Managing director of new division at Birmid Qualcast

BIRMID QUALCAST has appointed Mr Charles Young as managing director of the newly-created consumer products division. He will be responsible for all the division's operations which include the recently acquired New World and Gardex/Folder businesses as well as Potterton central heating and Qualicast and Atco lawnmower subsidiaries. He joins from AE where he was a divisional managing director. Birmid Qualcast has restructured its operations into two divisions. Consumer products under Mr Young and industrial products under Mr Malcolm Ray who was appointed in May 1987 and is responsible for the metal casting companies.

Mr John Ramsey, senior partner in Arthur Young, has been appointed a non-executive director of REMPLY.

Mr Teruhisa Shimizu has been appointed chairman of SUMITOMO FINANCE INTERNATIONAL. He comes to take up his post in London from Sumitomo Bank of California where he was president. Mr Shimizu was president of Sumitomo Finance International. Mr Iwao Hirano, president and managing director since October 1984, will be leaving to take up a post in the head office in Tokyo. His successor is Mr T. Nakamitsu, who joins Sumitomo Finance International from Sumitomo Bankers Trust, a joint venture between Sumitomo Bank and Bankers Trust in Tokyo, where he was president.

Mr Brian Crummen, formerly vice president of Young Rubicam International and deputy president of Martell International has been appointed deputy chairman of SINCLAIR TECHNICAL SERVICES.

Mr Ron Brown has been appointed finance director of BEAUMONT HEALTH CARE, a member of the Egerton Trust group of companies.

Mr Stephen Matthews has been appointed non-executive chairman of COPYMORE, an office equipment supplier. Mr Matthews is a director of several companies including Bellwinch and until its recent return to private status was deputy chairman of International Leisure Group.

Mr David Tucker will be retiring from the board of M & G GROUP from March 31 1988 to pursue his interests outside the City.

Mr Peter B. Haycock, son of the founder, will remain chairman of BEERRY & HAYCOCK GROUP, Ferndown, Dorset, but has relinquished the post of



Mr Charles Young, divisional managing director, Birmid Qualcast

group managing director to his eldest son Mr Robin P. T. Haycock, who was previously assistant managing director. His younger son, Mr Christopher Haycock, has been appointed assistant group managing director. Director Mr James Hall, who joined 12 years ago to form the builders merchants division, has been promoted to that division as well as taking over all control of group sales and has been promoted to group sales director. Company secretary Mr Trevor Edgson has been promoted to the board of financial director.

As part of the re-organisation of the London branch of THE INSURANCE CORPORATION OF IRELAND, Mr Colin Vellor has been appointed as London manager, underwriting and Mr Alan Prime as London manager, claims.

FINANCIAL TIMES

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Problems are soluble

NEVER overlook Murphy's law: if anything can go wrong, it will go wrong. Yet the remarkably firm statement by Mr Paul Nitz, President Reagan's chief adviser on arms control, in Brussels this week that an agreement on the elimination of medium range nuclear missiles could be in sight does seem to indicate a turning point in superpower relations.

It is true that almost at the same time Mr Viktor Karpov, Mr Nitz's Soviet counterpart, was outlining some of the difficulties that still lie ahead and perhaps even setting new conditions for any accord. But the momentum for an agreement there. Mr Edward Shevardnadze, the Soviet Foreign Minister, will meet Mr George Shultz, the US Secretary of State, in Washington next week and the ground could be laid for US-Soviet summit before the end of the year. Incidentally the latest date decently compatible with the American presidential election campaign.

Favourable signs

Other signs, too, are favourable. The situation in the Gulf may still be horrendously dangerous, but it is notable that as the danger has risen the superpowers, however cautiously, have come closer together. Mr Perez de Cuellar, the United Nations Secretary-General, is not visiting the area of his own making because the permanent members of the Security Council, which includes the US and the Soviet Union, have requested him. The Security Council remains a useful forum when the superpowers have run out of ideas of their own and do not want a regional conflict to get out of hand.

In Europe the visit of Mr Erich Honecker, the East German leader, to the Federal Republic this week would never have taken place without the consent of Washington and, especially, Moscow. It may not have resolved very much: certainly not the "German question" however that may be defined in the last 100 years. But at least two German states are establishing a *modus vivendi* of the kind envisaged by Mr Willy Brandt when he embarked on the Ostpolitik nearly 20 years ago.

Then, as now, big detente and little detente tended to move together. If the superpowers were co-operating, the smaller powers had a little more leeway. When the superpowers fell out with each other, little detente was also a casualty. We have lived without superpower accord for so long that there may be a tendency to underestimate the benefits that it could bring. There was, after all, no nuclear war and precious little business experience, despite the absence of progress

on arms control. President Reagan simply went his own way while the Soviet Union seemed condemned to rule by gerontocracy. Yet it was still a potentially anarchic world. The Soviet Union was not playing its full part while the Americans sometimes developed alarming habits of going off on their own. Meanwhile strategic armaments reached a level of overkill that was mathematically ridiculous.

The limitation of such weapons should be a benefit in itself, the more so as the agreements in sight encompass reductions and in some cases the elimination of certain categories of missiles rather than the ceilings on future growth that were the aim of arms control negotiations in the past. If they come off, they should be a statutory reminder to a sometimes doubting public opinion in Europe that competition in armaments can be controlled.

A reduction in strategic and intermediate nuclear forces is, of course, not enough, as some of the Europeans will be the first to say. Imbalances in conventional forces will remain. Yet it may be that without nuclear agreements, progress on conventional arms control is impossible. Certainly that would be the experience of the talks on conventional forces that went on for over a decade in Vienna. Possibly the one leads to the other: nuclear reductions first, then the mutual self-confidence to negotiate cuts on the ground.

Areas of conflict

It is also true that the failure of the superpowers to agree on arms control made it increasingly difficult for them to agree on anything else. That point was valid even if one took the sceptical view that arms control was an over-rated matter and that all that really mattered was preserving a rough balance of power. The fact is that there are times when superpower co-operation is essential. The disagreement on strategic weapons made it harder to come by.

The Gulf is just one area, though a big one. Central Europe is another. So perhaps is the Middle East in general. Even smaller areas of conflict such as Central America could prove less inflammable if Washington and Moscow are on closer terms, not to speak of possible conflicts to come in Southern Africa.

To be sure, it has not happened yet and there must always be a proper respect for Murphy if only because he has so often been proved to be right. But the other way of looking at it is that problems are soluble, and are being solved.

Drama at Hill Samuel has illuminated the competitive world of corporate finance. Martin Dickson reports

Trials of the transfer market

IMAGINE A STRUGGLING first division football club which suddenly sacked its two biggest crowd-pullers — the captain and the ace goal scorer — for secretly discussing the sale of the entire team to a rich and ambitious second division side.

A City equivalent took place this week at Hill Samuel, the merchant bank, which has been suffering a crisis of confidence since the recent collapse of merger talks with the much larger Union Bank of Switzerland.

On Tuesday, Hill Samuel startled the City by summarily dismissing Mr Trevor Swete, head of its corporate finance department, and his deputy, Mr Christopher Roshier, for trying to negotiate the sale of the entire department to Barclays de Zoete Wedd. BZW has a much smaller corporate finance department than Hill Samuel but, backed by the financial muscle of Barclays Bank, has big ambitions.

Whatever the rights and wrongs, few tears need be shed for Messrs Swete and Roshier. They are both relatively young — in their early forties — and highly employable. As in football, the world of corporate finance has many players but few outstanding talents. And despite the bickering of some rivals, Swete and Roshier are widely respected in the City. Indeed, they have spent much of the past few days at Mr Swete's Holland Park home taking calls from well-wishers and people keen to snap up their services.

Hill Samuel, by contrast, appears to many observers to have lost its way. Without Swete and Roshier, its corporate finance team has a decidedly humdrum profile. The messy affair underlines three important facets of the City after last year's Big Bang deregulation.

One is the intense competition being mounted to the

has three essential jobs. One is to help a company raise capital, be it by floating it on the stock exchange, a rights issue or a tranche of debt. Another is to advise the company when it is making a takeover or threatened by one. And the third is general "hand-holding" over relations with the City and group strategy.

The breed has acquired a high public profile through the merger wave of the past few years and, in particular, the aggressive tactics of the star players at Morgan Grenfell, who tested the gentlemanly rules of the takeover code to the limit.

In contrast to the discreet

Like football, the world of corporate finance has many players but few outstanding talents

merchant banks, which have traditionally dominated the lucrative corporate finance field, by new rivals, both domestic and American.

The second is the much more fluid relationship that exists between a company and its merchant bank advisers, as the rival securities houses bombard chief executives with bright ideas which they hope will enable them to pouch clients.

The third is the importance of the individual corporate financier as a source of those bright ideas — and the limited supply of really outstanding talent. If you ask the top men in the field to add up the names of rivals they really respect, few will count beyond 20. As a result they can command high salaries of some parts of the City. At corporate finance director level a large bank could expect to earn between £100,000 and £200,000 a year, including bonuses.

Just who are these people and how do they earn their money? A corporate financier

anonymity preferred by many merchant bankers, the leaders of the Morgan Grenfell hit squads became public figures lauded in the press for their acts of financial derring-do, and none more so than Mr Roger Seelig, who advised in many of the most dramatic takeover battles of 1985 and 1986.

Mr Seelig is a flamboyant personality, with the looks, dress and air of a dandy. A widespread image at the time was of him keeping a mobile telephone constantly at his side — even in the opera box — which seemed in the popular imagination to epitomise a life of fast-moving sophistication supposedly enjoyed by the kings of corporate finance.

But then came the Guinness affair and allegations that a huge share-ramping operation had been conducted during the brewing company's successful £2.5m bid for Distillers. Mr Seelig and Morgan Grenfell purged company and the fame of both turned to notoriety.

In reality, Mr Seelig and his colourful ways were never typical of London's corporate financiers. For one thing, many houses deliberately avoid the cultivation of public "stars" on the grounds that this could lead to internal jealousies. For another, many of the leading players show the outside world personalities which seem as bland as they are smooth.

Typically, they will be males (women hardly figure at all) in their late 30s and early 40s, having been in merchant banking for 15 to 20 years, often coming to it from an accountancy background. They will either have been to a public school or speak as if they had. For example, the tall, earnest and concerned Mr Roshier has the air of someone who would make an excellent head boy.

Social graces are an advantage, but they take second place alongside the ability to come with good ideas. That also explains why many younger recruits to the profession are coming from business schools, which encourage original thought, rather than from accountancy or the law.

To get anywhere, a recruit will need a thorough knowledge of British companies and their history, of Stock Exchange regulations and of the Takeover Code — a document which is as readily comprehensible as the Dead Sea Scrolls.

But to get to the top demands more elusive qualities. One is a wide spread of business contacts. Another is to prove oneself a master of strategic thinking during a takeover battle or the creator of novel financial packages. And of particular importance are the social skills and character which can inspire trust and confidence in the company for which one is acting.

"It all comes down to people," argues Mr Terry Simpson, chief executive of Norcross, the leading City takeover group, which earlier this year fought off a bid from Williams Holdings. "If

you can't empathise, it's a waste of time."

Norcross is advised by one of the fastest rising houses in the field, Charterhouse, whose corporate finance department is headed by 42-year-old Michael Gatenby, a quiet, undemonstrative man who came top of the country's chartered accountancy exams in 1968. He moved to Charterhouse from Hill Samuel two years ago and — to use another football analogy — moved it from well down the third division to near the top of the second. Norcross followed him from Hill Samuel to Charterhouse.

In addition to empathy a good corporate financier also needs the tact to deal with the outside egos of some captains of industry and the cunning to change their views. "There is a lot of skill," says one top adviser drily, "in arriving at the right answer to a problem and getting your client to think it was his idea."

But no matter how good a particular merchant banker may be, the role of the individual can be grossly overstated. Success also depends on the culture of the house for which he is working and wider human and financial resources it can bring to bear on its clients' behalf. It is the complex interaction of these elements which will sort out the winners and losers in the current battle for business.

The merchant banks which have long dominated corporate finance work — such as S. G. Warburg, Morgan Grenfell, Kleinwort, Benson, Schroders and Hill Samuel — find after Big Bang that they face challenge on all sides: from the investment banking arms of the High Street clearing banks; from the corporate finance divisions of top broking houses, such as Hoare Govett and Phillips and Drew; and from the large American investment banks which have been muscling into the London market.

The offshoots of the clearers are putting in the strongest

challenge, using, in particular, the huge financial resources of their parents to woo clients and do deals. Take, for example, Samuel Montagu, a subsidiary of the otherwise troubled Midland Bank. Lacking a long client list, it consciously set out to carve itself a niche in highly geared bids, where a small company bids for a much larger one. Its first major coup was in advising Argyle Group in its battle for Distillers — a company more than three times Argyle's size.

Montagu lost to Guinness, but ironically the battle which ultimately shattered Roger Seelig's reputation was the making of that of Rupert Faure Walker, the 39-year-old head of Mon-

At the other end of the spectrum are 'boutiques' which concentrate on corporate finance

tagu's UK takeover team. This year he added to his credits the daring and successful bid by the long WPP group for J. Walter Thompson, the US advertising agency.

If that deal took the City's breath away, a similar one a few weeks later masterminded and underwritten by County NatWest, the investment banking arm of the National Westminster Bank, left is gasping. Blue Arrow, a medium-size staff recruitment group, made the London market's biggest ever rights issue (£837m) to finance a bid for Manpower of the US. Operations such as the underlining the fact that a willingness to commit large sums of capital to a client's cause is now one of the keys to success in corporate finance work. County, BZW and Montagu have all moved sharply up the league table of takeover advisers in the first six months of this year. But it need not necessarily be the crucial factor, as is

demonstrated by S. G. Warburg, the house which is probably most admired by the merchant banking community, and which over the past few years has arguably enjoyed the most consistent record of corporate finance success.

Warburg is among the biggest of the securities houses based on traditional UK merchant banks — admittedly a long way behind the clearers and the Americans — but it does not splash its money around. Its reputation is based squarely on the quality of its advice. Significantly, it eschews the cult of personality, and it has suffered remarkably few staff defections to other houses.

Its two recent rivals at the top of the corporate finance league — Kleinwort Benson and Morgan Grenfell — do not seem quite so happy. Morgan will head the league table for takeovers handled, but its morale has been hit hard by the Guinness affair, and it has lost some clients, though, in the circumstances, remarkably few. Kleinwort has dropped some way down this year's takeover league, but it has picked up some big new clients, such as Sears, the retailing group. All these groups have ambitions to be major integrated securities businesses. At the other end of the spectrum are houses which have decided to remain as corporate finance "boutiques" — concentrating on this one area.

A successful example is Lazard, which has in the past year head-hunted two of the City's more interesting deal-makers to its ranks. One, John Nelson, managing director of corporate finance, came from Kleinwort; the other, Nicholas Jones, from Schroders, has built up a good track record for defending companies against hostile bids.

Lazards' list of client has expanded by about 50 per cent over the past year, to round 80. That is still well behind the

WHEN IAIN VALLANCE, newly appointed chairman of British Telecom, left Oxford he faced an unusual choice: join the Post Office, BT's predecessor, or risk being sent to Vietnam.

Mr Vallance was set to take a job with a television company in the US, but in those days that would have meant making himself available for service in Vietnam — a price he thought a little too high. So he fell back on the Post Office, where his father had been Scottish director, just as it was losing its status as a Government department.

This week, the new BT chairman could be forgiven for thinking that he has exchanged one firing line for another. He is now the prime target for every irate BT customer — and there are plenty. He knows that his immediate task is to rescue the company from the abyss of public contempt into which it has fallen in the past few months.

Mr Vallance went straight from the four-hour annual meeting in Birmingham where his appointment was announced to the studios of Newsnight on Wednesday evening. The next morning he was off bright and early to breakfast television, before dealing with a conveyor belt of journalists during the day, many of whom were baying for blood.

The adrenalin was still pumping through Mr Vallance on Thursday afternoon, but for once there was also tiredness round his eyes. Even so, he was able to pour out fluent answers to questions almost before they were posed. To this is the mark of a real professional. But a professional what? His detractors — and there are enough of those — say his skills are of a kind that is a political manipulator, a committee man, an articulator of the consensus. What he lacks, they claim, is boldness, decisiveness and toughness — precisely the qualities BT needs now. "He is very able, likeable and comes across very well, but he lacks general business experience," said one who has recently left BT.

Iain Vallance

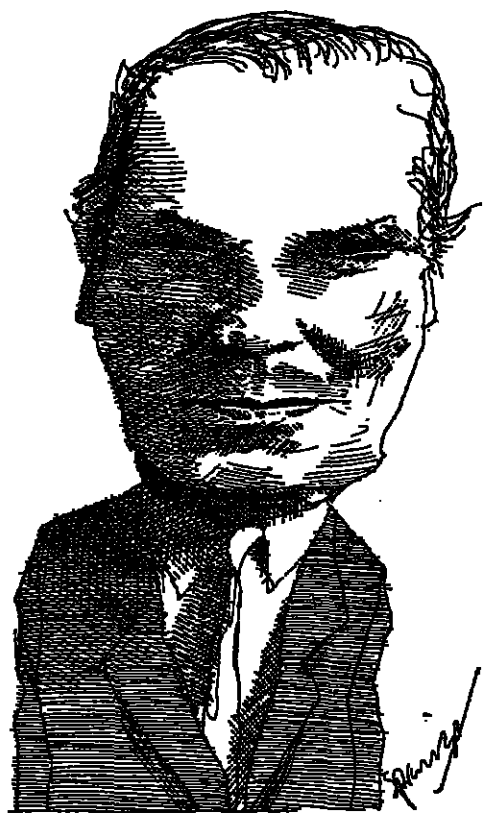
Out of the war but into the firing line

By David Thomas

That Mr Vallance lacks outside experience can be seen in his record: except for a two-year stint at the London Business School, Vallance has spent all his career at the Post Office and BT. But he denies this makes him an organisation man. "You don't get to be chairman of BT at 44 by following the organisation, you get it by bucking the organisation," Vallance retorts.

He gives as an example his time as managing director of BT's local communications services, the company's biggest division by far, during the

Man in the News



period straddling privatisation in 1984. He overhauled the company's structure on the ground. "If you want a revolution, it is best to get a revolution from within," he argues. But this begs the question whether he is tough enough to push through a revolution. He is not a table thumper; he does not lose his cool. One ex-BT man remembers his surprise at what he calls the ease with which it was possible to get through budget reviews with Mr Vallance. "BT needs a bit more rough and tumble. There are too many

nice chaps in BT," he says. Mr Vallance dismisses this too, saying that he handled the great run-in with the unions in 1984 when they tried to stop privatisation. He partnered Mike Bett, managing director of BT's inland business, in outpacing the unions' industrial action this year. Of the parallel charge that he is cautious, Mr Vallance says: no — if it means diffidence or being all mouth and no action. But yes — if it means BT has to get its core network right before it strikes off in bold new directions in the inter-

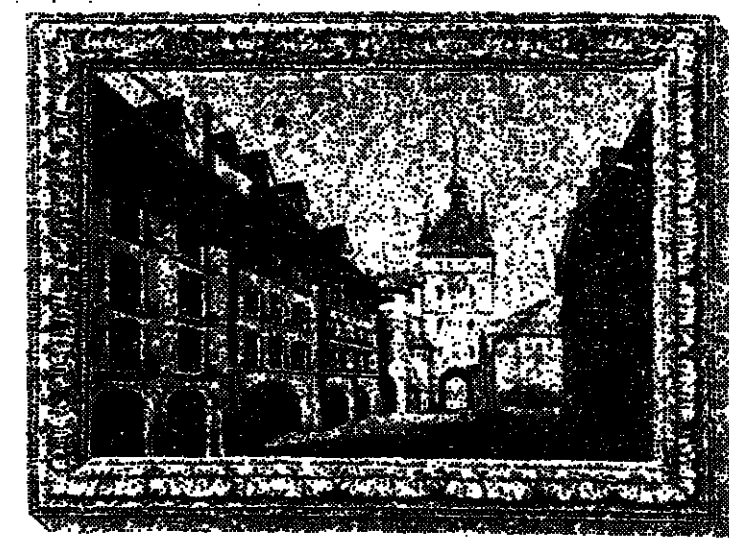
national information technology business. He believes the world is littered with examples — he cites American Telephone & Telegraph of the US and Ericsson of Sweden — of companies which have been burnt by making incautious forays into information technology.

Yet someone with authority was sufficiently worried about Mr Vallance's background to approach Sir John Harvey-Jones, ICI's previous chairman, earlier this year to ask if he wanted to take on BT. Sir John, describing the job as "one of the keys to our national survival," thought it needed a younger man. "Barring Sir Ian MacGregor, who appears to have the secret of eternal youth, I thought it should go to a person with the energy to devote to it the time it needed," Sir John explained this week.

Iain Vallance certainly has that vigour. He also possesses some excellent skills which even his critics concede. He is a first rate negotiator, according to someone who crossed swords with him in the early 1980s over the framework for the privatised BT. "He defended the BT position very well. He was much better than some other BT people who went to extremes, forcing the Government into a strong counter-reaction."

He will be an impressive performer in the debate, beginning behind the scenes, about the structure of UK telecommunications in the 1990s. If anyone can, he is the man able to paint BT in the best possible light for the public.

The key to Mr Vallance's performance may lie in the partnership he will forge with Graeme Odgers, named as BT's managing director this week. Unlike Mr Vallance, he has spent all his time outside the company, most recently as managing director of Tarnac, and came to BT with a reputation for toughness. He will take over responsibility for day-to-day running of the business, leaving Mr Vallance to become more involved in strategic matters.



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UK COMPANY NEWS

Siebe expands in US with £138m purchase

BY CLAY HARRIS

Siebe, the British engineering group, is to pay \$227.5m (£138m) for Barber-Colman, the third US controls company it has bought in a year. A £207m rights issue, also announced yesterday, will fund the cash purchase and reduce Siebe's borrowing.

The two-for-five rights issue, launched less than 12 months after a £225m cash call on shareholders, prompted Siebe's shares to fall by more than 12 per cent yesterday. They slid 115p to close at 810p, coinciding with the rights price of 780p.

Environmental controls, especially energy management systems for the non-residential building market, accounts for more than 40 per cent of Barber-Colman's sales. It ranks third in this field behind Honeywell and Johnson Controls.

Recent projects include the new National Gallery of Art in Washington and Merrill Lynch's corporate headquarters and training centre in Princeton, New Jersey.

Its other products include electronic controls for industry, especially plastics manufactur-

turing, and a wide variety of controls and instruments used in aviation and motors, all areas in which Siebe is already involved.

Siebe will now rely on controls for more than half of its \$228 annual sales, of which North America accounts for 60 per cent. Robertshaw and Ranco, its two largest US acquisitions last year, specialise in temperature controls. Siebe also makes safety products and compressed air and garage equipment.

Mr Barrie Stephens, chief executive of the fast-growing group, said that Barber-Colman was a perfect fit for Siebe. This was made clear by Mr Roger Sampson, Barber president, who said from the company's headquarters in Rockford, Illinois: "We're just like hand and glove."

A private company since its founding in 1964, Barber achieved operating profits of \$15.2m on sales of \$251m in the year to January 3. Although it last year bought its first manufacturing facility outside the US, Eastern Drives in Worcester, non-US sales account for less than 10 per cent of Barber's total.

Siebe said in June that it had expected to spend at least £150m on acquisitions in the year to next April. The suspicion that this would probably involve the issue of more shares had contributed to a subsequent 20 per cent decline in its share price, even before yesterday's announcement.

Mr Stephens said yesterday that Siebe did not plan to seek further finance from shareholders for at least 12 months and that no additional large acquisitions were envisaged in the short term.

The company has been criticised in particular for its high level of gearing. At the end of April, its borrowings had been equal to 138 per cent of shareholders' funds. This has been reduced to 122 per cent and will fall to 56 per cent—the lowest for many years—as the result of the rights issue. Barber will have no debt and \$18m in cash when it joins Siebe.

The rights price will be adjusted to 390p to reflect the one-for-one scrip issue approved at yesterday's annual meeting.

See Lex

JFB agrees to purchase Woodhouse & Rixson

By David Waller

Johnson and Firth Brown, the Sheffield-based metals and engineering group, is to expand with the agreed acquisition of Woodhouse & Rixson, a manufacturer of forgings, rolled rings and coiled springs, also based in Sheffield.

Woodhouse's directors have recommended JFB's 8-for-3 share offer, which values the company at approximately £14.6m and each share at 122p. There is also a cash alternative of 109.53p per share.

The announcement of the agreement has provoked an immediate reaction in Woodhouse's share price, which gained 27p to close at 118p. JFB's shares added 4p to 40p.

Mr Roy Shepherd, JFB's chief executive, said that the two companies made a perfect fit and that "two and two in this case will make at least six, and possibly eight."

He said that the two companies would benefit from increased purchasing power, as well as from synergies at the production level. Further, he identified opportunities to improve the quality of the products within Woodhouse and "a concerted rationalisation of its business."

JFB, which is currently in litigation with the auditors of its pressure casting subsidiary, Gills Pressure Castings, reported in June interim pre-tax profits of £2.68m on £42.45m turnover. Woodhouse's 1986 profits were £1.19m, virtually unchanged on the previous year. For some time the market has been concerned that falling production levels—1987 will be Enterprise's peak year for this decade—would make it hard for the group to keep the dividend increases flowing while revenues were pegged or even dropping. The prospect is, short of a major oil price reverse, for a further increase at the year end of 3p—bringing the cost of the year's payout on the increased capital to 27m and the total dividend to 91p.

With the average maturity of existing debt now over six years and a generous £80m loan facility soon to be put in place, Enterprise unlike North Sea sibling Tricor, looks well able to fund its £300m development bill. Enterprise's need for any assistance from RTZ, the gap in the programme remains overseas and some kind of asset swap with another company would be the cheapest solution. Net income this year should reach \$46m. This puts the shares at 313p on a p/e of 19.4—and the prospective yield of 4.3 per cent helps justify the hoarding costs.

PSO rights to fund £15.5m deal

By David Waller

Pacific Sales Organisation is to buy two office companies for £15.5m and has launched a three-for-eight rights issue—halving the beginning of the two companies' investment in leather goods from China.

The acquisitions are to be financed by a mixture of shares and cash raised from a vendor placing of new shares at 313p. Together with the rights offer of new shares at 200p, PSO's equity will nearly double, creating a company with a market capitalisation of approximately £40m.

PSO's shares have risen nearly sevenfold since March, when a consortium of investors took control with the stated intention of diversifying from its original activities.

On the day that the consortium took control, the shares went from 60p to 150p. In the interim, the company had acquired 400p as Mr Peter James, executive chairman, announced the creation of an office services and equipment division.

PSO is buying Ultimate Office Equipment and Office Supplies, two companies valued at £9.8m, to be followed by a further maximum payment of £5.7m. The two companies have warranted pre-tax profits of no less than £940,000 in the current year. Turnover for the two companies in the last financial year amounted to £6.2m.

This compared with the £23,700 pre-tax profits generated by PSO from its original activities during 1986-87.

George Graham in Paris on the French bid for Equity & Law Looking for a larger slice of life

MR BERNARD Pagézy is no stranger to the role of white knight in a contested takeover, but he will be hoping that his £408m bid for Equity & Law does not once again leave him on the losing end.

For after 10 years at the head of Compagnie du Midi, the French financial services group, and 20 as chairman of its insurance arm, Assurances Groupes de Paris (AGP), Mr Pagézy finally came to the public's notice at the end of 1985 in the bitterly fought struggle—perhaps France's first truly hostile bid battle—for La Providence, another insurer.

He lost that four-month battle to Mr Claude Bebear's AXA insurance group, and also lost a private personality contest with the charismatic Mr Bebear.

"Pagézy is a great professional of the insurance industry, but he has some progress still to make in the field of communication. He and Bebear are like day and night," commented one financial analyst in Paris.

Yet the two men—both starting from the base of a French insurance operation—have reached similar conclusions on the need to expand their operations into Europe in order to build groups that are large enough to survive in an open world market.

The prospect of 1982, when the European Community is due to open up its internal market in services, has created a stir of anticipation in France



Bernard Pagézy: Needs to expand in Europe

that is scarcely paralleled in other EC countries.

For the insurance industry, the challenge is particularly keen. Mr Edouard Balladur, the finance minister, has announced plans for legislation to reform the often archaic regulations of the French insurance sector. But he warned the industry that it needed to make a significant effort to adapt in the face of stronger overseas competitors with better broking and reinsurance structures.

The French insurance market is relatively well developed in the sphere of accident insurance. But Government figures show that France ranks only 14th in the world in terms of life insurance, with only FFR 1,012 of annual premium

payments a head—and less than 40 per cent the level in the UK.

The life area is one where Compagnie du Midi is particularly keen to expand. Its AGP subsidiary does about FFR 2bn a year of life business, but this still leaves it in the second division in a sector which Mr Pagézy views as more profitable and more likely to develop than his traditional accident insurance operations.

Financial resources are not, in the short term, a problem for Compagnie du Midi. It has FFR 3bn cash in its balance sheet, without counting the liquidity of its subsidiaries or its credit lines. But Mr Pagézy has sought to show rapidly, and has found some of the possible avenues for expansion on his home turf blocked.

Deprived of La Providence, Compagnie du Midi made preliminary contact with Assurances Generales de France with a view to taking over the state-controlled insurance group—three times its size in terms of turnover.

But the privatisation of the three major state sector insurance companies has proved far from simple. After sorting out their complicated corporate structures, the government then faced a conundrum over how to divide up the latent capital gains in their investment portfolios between policyholders and shareholders.

The controversy over whether the division of the spoils was damaging the interests of policyholders has now largely died

down, but the government is not inclined to allow any of the three companies to fall directly into the hands of Mr Pagézy or Mr Bebear.

Besides the insistence in France's privatisation law on preferential treatment for small investors, officials are keen to avoid a repeat of what they view as the somewhat undignified battle for La Providence.

ASSURANCES DU GROUPE DE PARIS
"GEOGRAPHICAL DISTRIBUTION OF GROSS PREMIUMS"

	1985	%
France	5,696,000	77.4
Italy	551,000	7.4
UK	511,000	7.0
Spain	285,000	2.8
Belgium	129,000	1.8
Financials	229,000	3.2
Total	7,359,000	100.0

*Currency: FBF thousands

and are expected to take all possible steps to ensure that the capital of AGF or of its rivals, UAP and GAN, is tightly controlled.

If expansion inside France has proved difficult, Compagnie du Midi has already embarked on a number of acquisitions—much smaller than the bid for Equity & Law—elsewhere in the EC. Starting with two British warlike insurance operations in 1982, it has added several insurance companies in Belgium, Spain and Italy over the past three years.

Mr Brocksmo shares the French group's view that the EC's goal of breaking down barriers to a free market in financial services in Europe by 1992 could benefit British companies. Life assurance in Germany has been "stifled" by regulation, he says, leaving a British group like Equity & Law with in-built advantages when and if the market is liberalised.

One sticking point yesterday, however, was that Mr Brocksmo and his board believe Equity & Law can exploit such opportunities by itself, without French help.

Yet Equity & Law has tended to operate with a small balance sheet, with end-1986 shareholders' funds of only £2.53m. It has financed its European activities with its policyholders' money—a factor which has arguably set limits on growth which could be overcome using Compagnie du Midi's financial

A chance for a firmer foothold in Europe

BY NICK BUNKER

FOR YEARS, strong European connections have marked out Equity & Law from other British life assurance companies. Now—with yesterday's unexpected £408m bid by Compagnie du Midi, the French financial services group—they may have become the key to its future.

After a hastily-convened board meeting, Equity & Law turned down the French offer, which would have saved it from the rival £367m cash bid announced eight days ago by Mr Ron Brander, the New Zealand financier.

The City's swift reaction was that Equity & Law was simply looking for a better price from the French group.

After all, there are grounds for Compagnie du Midi's claim towards the French group, which has left it, says Mr Brocksmo, with perhaps a 10 per cent share of the German market for pensions and permanent health insurance—a formidable achievement in an industry dominated by domestic companies.

In Holland, its share of the life market is about 3 per cent, though there it has to compete with Nationale Nederlanden, Amey and Aegon, the giants of Dutch insurance, as well as with Delta Lloyd, a

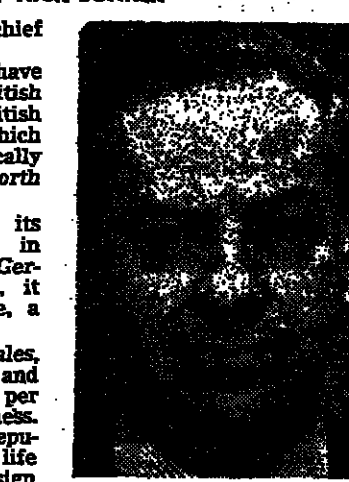
Chris Brocksmo, its chief executive.

He adds: "We didn't have the same hang-ups from British Empire days as other British insurance companies," which have concentrated historically on Australasia or North America.

Equity & Law opened its first Dutch branch office in 1970, and a branch in West Germany in 1974. In 1982, it bought L'Union Europeenne, a Belgian insurance group.

This year overseas sales, primarily in West Germany and Holland, are making up 41 per cent of its new life business. Equity & Law also has a reputation for using British life assurance expertise to design products that by-pass European regulatory restrictions.

Equity & Law is relatively small, but it has driven hard to expand in northern Europe, where AGP—primarily a non-life insurer—is not a big force. When the UK joined the European Community, Equity & Law saw an opportunity, says Mr



Chris Brocksmo: No need for French help

subsidary of Commercial Union, a fellow British insurer.

Compagnie du Midi made the point strongly yesterday that the tight government regulation in Europe has retarded the life assurance industry's development there.

In contrast to this, it argues, UK life companies have the greater sophistication that comes from two decades of

product innovation driven, for instance, by the growth of unlinked life assurance, which Equity & Law has introduced in Holland. That greater British sophistication is a key reason why Compagnie du Midi wants to use Equity & Law as a "flagship" for expanding in financial services in Europe.

Mr Brocksmo shares the French group's view that the EC's goal of breaking down barriers to a free market in financial services in Europe by 1992 could benefit British companies. Life assurance in Germany has been "stifled" by regulation, he says, leaving a British group like Equity & Law with in-built advantages when and if the market is liberalised.

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Acquisition boost for Enterprise

Enterprise Oil benefited from a first full contribution from ICI's oil and gas assets after the agreed £115m merger in January of this year when it revealed taxable profits up from a restated £23.6m at £37.4m in the first half of 1987.

Turnover dropped from £156.9m to £111.9m. The directors lifted the interim dividend from 3.5p to 4p and after tax of £13m (£9.7m) earnings pushed ahead to 8.5p (4.8p).

Mr William Bell, chairman, said that the first half had seen good progress on Enterprise's major projects with the substantial drilling programme bearing fruit. The benefits of the merger with ICI's activities were already evident and there was the base for vigorous and sustainable growth as investments matured.

Enterprise's prospects were good and the outlook was highly encouraging, although Mr Bell tempered his optimism with a warning of the slowing effects of the fragile world oil markets.

Oil production was up from 7.1m barrels to 10.1m barrels. Enterprise completed six exploration and appraisal wells in the first half and a further 15 had since been completed or were still drilling. Mr Bell said this programme had had

encouraging results.

In parallel with this drilling activity, Enterprise had continued to review its acreage portfolio built up through corporate acquisition over the past three years, disposing of 15 UK blocks and nine overseas, acquiring interests in four new UK blocks and two overseas, and upping its interests in three UK blocks and one overseas. It had acquired an exploration concession offshore the Seychelles and was negotiating a concession in Egypt.

The way had been cleared for an agreed timetable leading to first oil in 1991 from the Miller oil field in the North Sea in which Enterprise has a 72.6 per cent stake. Production was expected to rise rapidly to 110,000-115,000 barrels a day. Production from the Ness project, in which Enterprise had a 10 per cent stake, began on August 11 and has reached 20,000 barrels. Enterprise's other projects in the North Sea continued their good progress.

comment

Enterprise's decision to increase its interim dividend by 1p is a clear signal to the City that this independent at least feels confident that it has

matched cash flow, exploration and development spending, with longer term funding sufficiently well to be able to maintain a steadily rising payout level over the next couple of years.

For some time the market has been concerned that falling production levels—1987 will be Enterprise's peak year for this decade—would make it hard for the group to keep the dividend increases flowing while revenues were pegged or even dropping. The prospect is, short of a major oil price reverse, for a further increase at the year end of 3p—bringing the cost of the year's payout on the increased capital to 27m and the total dividend to 91p.

With the average maturity of existing debt now over six years and a generous £80m loan facility soon to be put in place, Enterprise unlike North Sea sibling Tricor, looks well able to fund its £300m development bill. Enterprise's need for any assistance from RTZ, the gap in the programme remains overseas and some kind of asset swap with another company would be the cheapest solution. Net income this year should reach \$46m. This puts the shares at 313p on a p/e of 19.4—and the prospective yield of 4.3 per cent helps justify the hoarding costs.

Evered sells former L&N subsidiaries

By Clay Harris

Evered, the industrial holding group, yesterday announced the sale of two former healthcare subsidiaries of London & Northern, the conglomerate it bought for £11m in April.

It also said the negotiations were proceeding with the United Arab Emirates over the repayment of the rest of £23m debt owed over an Allied Medical Group hospital management contract in Sharjah. Evered so far has received about £4m.

The separate Saudi Arabian business will be sold for \$5m in cash to the Riyadh-based El Self Development Establishment. The purchasers have also assumed £5m in liabilities under bonding and guarantees given by L and N.

Evered also sold L and N's majority interest in Allied Medical Diagnostic Services for £70,000 to the minority partners, doctors who run the small UK clinic.

The company expects shortly to sell the remaining healthcare activities, which comprise United Health System, specialising in computer systems for hospitals, and Umeco (Far East), a hospital supply company.

Aurora over £5m at halfway

PRE-TAX PROFITS at Aurora, Sheffield-based engineer, from £4.04m to £5.06m in the six months to June 30 1987, and the interim dividend is raised from 0.5p to 0.6p net—last year's total was 1.7p from pre-tax profits of £11.04m.

Sir John Hill, the chairman, said that although there were few signs of a substantial improvement in demand from the UK mechanical engineering sector, the company's order books of home subsidiaries were presently some 13 per cent higher than they were at the end of last year.

Additionally, the performance of overseas companies remained consistently strong.

Initial results of the 1988 capital expenditure programme were promising for the longer term, said Sir John, and the company was actively pursuing a number of potential acquisitions to strengthen the quality of its earnings in engineered products. The company expected to maintain a sound performance in the second half.

Delta jumps to £30m thanks to electrical growth

Delta Group, industrial holding company, which last month failed in its bid to acquire George H. Scholes, has achieved an 11 per cent increase in pre-tax profits for the half year ended July 4.

The interim dividend is stepped up from 2.6p to 2.9p, to be paid from increased earnings of 12.6p (11.5p) per share. On turnover slightly down at £261.63m (£263.13m) the pre-tax result rose from £27.2m to £30.27m with the electrical equipment division contributing most at £16.15m (£14.72m). Engineering, Australia and SE Asia £2.84m (£1.87m), North and South America £14.00m (£9.00m) and Western Europe £280,000 (£40,000).

The directors said they intended to use the company's reduced stake in Delta Electrical Industries to below 50 per cent, and in America losses resulting from the impact of adverse economic conditions on the Brazilian subsidiary.

Trading conditions in most areas remained firm, and the company's performance in the second half continued ahead of last year, directors said.

The offer for George H. Scholes lapsed largely because he expected board recommendations to not materialise, but the directors said they would continue to strengthen the company's already significant position in the domestic switching sector, which would be helped by the launch early next year of a range of miniature circuit breakers developed entirely by the company.

The most important step towards the development of Delta's business was the acquisition of the Nibco European Plumbing Fittings business, the directors said, which made Delta the largest plumbing fittings operation in Europe.

Tax charged was £11.5m (£10.5m).

comment

Given that Delta was widely perceived as needing an acqui-

sition, the failure to acquire George H. Scholes was doubly unfortunate; it would have offered genuine benefits to the electricals division, and defeat did nothing to boost the group's rating, which makes further bid attempts more difficult. Yesterday's 21p decline in the share price to 388p reflected a tax charge that was slightly higher than expected and some disappointment that no acquisition news was forthcoming. In fact, although the interim dividend was modest—say £83.5m—earnings are of better quality than in the early days of Mr Wilson's management and pre-tax profits of £73m next year would bring the prospective p/e down to 9.5. That looks good each-way bet; either Delta finds the right acquisition, probably in the US, or it might start to look tempting as a bid target itself.

On the day that the consortium took control, the shares went from 60p to 150p. In the interim, the company had acquired 400p as Mr Peter James, executive chairman, announced the creation of an office services and equipment division.

PSO is buying Ultimate Office Equipment and Office Supplies, two companies valued at £9.8m, to be followed by a further maximum payment of £5.7m. The two companies have warranted pre-tax profits of no less than £940,000 in the current year. Turnover for the two companies in the last financial year amounted to £6.2m.

This compared with the £23,700 pre-tax profits generated by PSO from its original activities during 1986-87.

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Acquisitions provided a maiden contribution of £1.3m to the division's profits.

The service industries improved from £1.38m to £3.47m partly due to the inclusion of an initial £1.1m profits contribution from Eria, a specialist packaging company acquired late in 1986, and partly because of higher profits from plastics distribution in the US.

Profits for the specialist engineering division of £1.38m were wiped out and it incurred a loss of £236,000. Losses in Cable Belt in 1986, arising from difficult market conditions, persisted in the first half and account almost entirely for the reversal. Following corrective action, Cable Belt was currently breaking even.

Sir Ian said that in the transport systems division, where profits fell from £796,000 to £106,000, train production would not improve until later this year and 1988 when first deliveries start from the substantial order book with British Rail and London Transport.

Delta Group, the diversified transport and engineering concern, matched analysts' expectations in reporting pre-tax profits up from £18.43m to £14.68m in the first half of 1987. The City had been looking for a figure of about £14.7m.

Turnover surged forward from £185m to £198m and the directors lifted the interim dividend to 3.1p (2.9p). After tax of £5.56m (£5.1m) earnings per share rose from 10.5p to 11.4p.

Sir Ian Morrow, chairman, said that the overall rise in profits masked sharp variations in the performance of the four divisions. The redirection of the group's activities was continuing, both through acquisition and internal growth. The aim was for greater involvement in the sealing systems and services industries divisions where there were better prospects for persistent growth.

He said that significant progress had been made and was confident that this would continue.

The main improvement was seen in the sealing systems—taxable contribution up from £9.4m to £13.14m—with profits and interest rising mainly as a result of higher activity in the Daxtex car body seal business in West Germany and France where demand was such that significant levels of new

capital expenditure continued to be required.

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Olives Paper shareholders approve £3.7m Kent plan

BY CLAY HARRIS

SHAREHOLDERS in Olives Paper Mill yesterday approved a proposal under which Mr Michael Kent will take control of the Lancashire paper-maker in return for an investment of £3.74m and 85p per share.

The board-recommended plan was passed by 1,266,828 votes to 827,626 despite opposition by Mr Nathu Puri and his company, Milton Medes, whose rival proposal to inject £5m at 100p per share was not presented to shareholders.

Shareholders at an extra-

ordinary general meeting also approved a £320,000 financial package for Mr Aubrey Hoyer, Olives' retiring chairman, who will act as a consultant for three years.

Pressed on his intentions about Olives' business, Mr Kent—a property developer—promised capital investment and said: "At this moment in time, it is not my intention to close down the mill." He and Olives' directors insisted that the mill's 70-acre valley site had only limited development potential.

Laird meets expectations with £14.7m

(£527,000 receivable) mainly reflected services for the specialist engineering loss—and New York Twist Drill. The transport side was down as expected but should show recovery next year with the £280m order for trains in addition to good orders for midi buses and new London taxis. Eria, which makes specialist packaging for items such as tights, ice cream, laxatives and golf balls, was the star of the services industries division and points the way to a future growth area as the company continues its moves away from heavy engineering.

With expectations of full year pre-tax profits of £32m, the shares, down 3p to 325p, are trading on a marginally undervalued prospective p/e of 13p.

comment

Laird is starting to look more and more like a sealing systems business with a healthy service industries side. Though yesterday's total profits were pretty much as expected, the specialist engineering division did worse than predicted and Interserve Tech, a bit better. While happy to keep and develop computer assembler Fullarton Fabrications, Laird would not be shedding tears if buyers came knocking.

Sir Ian said that in the transport systems division, where profits fell from £796,000 to £106,000, train production would not improve until later this year and 1988 when first deliveries start from the substantial order book with British Rail and London Transport.

Demand for the new London taxi launched last year had continued to develop and plans were on hand to double production in the second half.

LONDON RECENT ISSUES

EQUITIES

Share Price	Amount Paid	Latest Date	1987	Stock	Closing Price	+/-
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UK COMPANY NEWS

Hampton agrees to £100m bid from NZ's Aurora

BY TERRY FOVEY

NEW ZEALAND'S Aurora Group yesterday launched an agreed £100m share bid for Hampton Trust, valuing the UK property and gold investment company at £100m.

A week ago Aurora, a property developer with a stockmarket worth of NZ\$250m (£94m), became a 73 per cent owned subsidiary of Equicorp, the New Zealand banking and investment company which is currently engaged in a £38m battle for control of the Guinness Peat Group.

Mr Bruce Holdsworth, Aurora's managing director, said yesterday that the company was "fiercely independent" and had made the Hampton Trust bid, its first move outside New Zealand, "entirely of its own but with absolutely no input or interference from Equicorp."

Should the offer for Hampton succeed, the directors of the UK company will resign and a new three man board — two drawn from Aurora plus Mr

Peter Hunt of Equicorp — will replace them.

The New Zealanders wish to retain Hampton's stockmarket listing and ANZ Merchant Bank will place any shares in excess of 60 per cent received under the bid. Equicorp are the main sub-underwriters of this placing.

Aurora, which reported pre-tax profits of NZ\$85.3m for the year to June, has already received acceptances representing 41 per cent of Hampton's issued capital and hopes to set up another 10 per cent holding before long. Major shareholders are the Shohet family and the Lewis family are among the acceptors.

Hampton's main activities are a £110m investment property portfolio producing a rental income of around £7.5m a year according to analysts. In the year to March, Hampton reported pre-tax profits of £1.4m.

In addition to Hampton's

property portfolio, which Aurora believes can be "highly profitably" redirected towards development, the UK company also holds a 50.4 per cent stake in Mount Martin Gold Mines, a listed Australian gold mining investment company whose main interest is 15 per cent of the New Celebration Gold Mine in Western Australia.

Mr Holdsworth does not believe that the Mount Martin stake is a core activity for Hampton and Aurora will review its place within the UK company's investment portfolio when and if the bid succeeds. Aurora's main experience has been in office block developments while Hampton's portfolio is three fifths retail. Prominent properties in London include the Hampton and Tintagel Houses on the Albert Embankment and Archway Tower plus nine shopping centres, mainly in the Home Counties.

Britannia Security makes US acquisition

By Philip Coggan

Britannia Security Group, security and business services company, has made its expected expansion into the US with the acquisition of Leahy Business Archives for around \$2.5m (£1.6m).

Britannia has made no secret of its ambitions in the US and a board member Mr Jeremy White, was sent out to oversee the US operations earlier this year.

Leahy, which is based on the East Coast, is one of the top five records management companies in the US and currently maintains over 600 paper records for 1,200 clients. In the current year ending October 31, Leahy is forecasting pre-tax profits of \$2.5m on turnover of around \$12.5m as against \$1.97m on \$12.5m last year.

In the long term, Britannia hopes to build up in the US a similar range of services to its UK operations, which range from TV monitoring systems to crate rental but in the short term, a West Coast records storage group is the first priority.

Leahy's existing management will stay on and Mr Kim Cameron, its president, is joining the board of Britannia Security, the group's US subsidiary.

Initial consideration for Leahy will be \$21.7m which will be financed by the issue of 6.1m ordinary shares, of which 5.5m will be offered to institutions via a vendor placing. Existing shareholders will be entitled to a clawback on the basis of one share for every 8.5 existing shares.

Further cash payments of \$1.5m and \$9.1m will be paid in three and five years respectively and an extra payment of \$2.3m will be made, dependent on future profits.

Emess Lighting

Emess Lighting said yesterday that 397,055 of the shares it had issued to the vendors of 20 per cent stake in Brillantech, Bremen-based lighting company, had been placed with West German institutions at 492p.

Emess also placed 100,000 shares at the same price to fund part of the cost of its market purchase of an additional 4 per cent of Brillantech.

StandChart sells Hong Kong bank stake for £12m

By David Lascelles

Standard Chartered has sold its 10 per cent interest in the Hong Kong-based Wing Lung Bank for approximately £12m.

The purchase is the first by the family which already owns 50 per cent of the bank and made Standard Chartered an offer for its stake. The price represents a discount of about four per cent on the bank's quoted share price.

Standard Chartered has embarked on a programme of asset sales to raise about £300m in order to replenish its reserves after making a heavy provision in its interim accounts for its exposure to Third World countries.

John Laing

John Laing, construction engineer, has appointed Mr Keith Gales, finance director of Marks and Spencer, as a non-executive director. We apologise that due to a typographical error in yesterday's Financial Times his name appeared as Gates.

Tod up 57% and calls for £7.2m to fund acquisition

Tod, USM-quoted manufacturer of defence and construction industries, is raising about £7.2m through a rights issue to fund the £7.6m acquisition from Unigate of Gilspur Technologies and Winchester Engineering.

It also announced a 57 per cent jump in taxable profits — from £1.34m to £2.11m — on turnover up from £11.09m to £20.44m in the year to June 30 1987.

The directors lifted the proposed final dividend from 2p to 2.5p, making a total for the year of 3.8p (3.3p). After tax earnings of £723,000 (£370,000) earnings per 5p ordinary share rose 20 per cent to 16.8p.

Mr Matthew Thorne, chairman, said that the activities of Gilspur and Winchester would satisfy Tod's objective of looking for strategic opportunities to generate profitable growth within specialist defence-related activities and businesses associated with plastics and precision engineering.

Gilspur is a specialised designer, manufacturer and distributor of packaging materials,

defence peripherals and electrical cable assemblies. In the year to March 31 1987 it made operating profits before interest of £294,000 on turnover of £15.6m.

Winchester is a diversified manufacturing business principally involved in the making of specialised stainless-steel equipment and the manufacture of glass-reinforced plastic products and wooden pallets.

Tod is proposing to issue up to 3m new ordinary shares at 248p per share on a five-for-14 basis to raise £7.18m net of expenses.

C. H. Beazer (Holdings), which holds about 60 per cent of Tod's present issued share capital, has agreed to subscribe in full for its entitlement under the issue. The balance has been underwritten by Shearson Lehman Securities.

Mr Thorne said that prospects for the whole of the Tod group were good and the directors looked forward to the year ahead with confidence.

W. & J. Tod had traded well against the background of sluggish defence expenditure and increased competition.

FT-ACTUARIES INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS	Friday September 11 1987					The 10					Year ago (approx.)					High and Low Index	
	Index	Day's Change	Est. Div. Yield (%)	Grav. Div. Yield (%)	Est. P/E Ratio	Index	Day's Change	Est. Div. Yield (%)	Grav. Div. Yield (%)	Est. P/E Ratio	Index	Day's Change	Est. Div. Yield (%)	Grav. Div. Yield (%)	Est. P/E Ratio	1987	Since Completion
Figures in parentheses show number of stocks per section																High	Low
1 CAPITAL GOODS (212)	254.04	+0.6	7.30	2.92	17.21	253.77	+0.6	7.30	2.92	17.21	253.77	+0.6	7.30	2.92	17.21	253.77	253.77
2 Building Materials (30)	179.36	+0.6	7.73	2.98	16.30	179.36	+0.6	7.73	2.98	16.30	179.36	+0.6	7.73	2.98	16.30	179.36	179.36
3 Consumer Goods (33)	245.79	+0.2	5.21	2.75	24.56	245.79	+0.2	5.21	2.75	24.56	245.79	+0.2	5.21	2.75	24.56	245.79	245.79
4 Electronics (35)	281.72	+0.8	7.99	2.47	16.32	281.72	+0.8	7.99	2.47	16.32	281.72	+0.8	7.99	2.47	16.32	281.72	281.72
5 Mechanical Engineering (60)	312.37	+0.6	7.75	2.87	17.22	312.37	+0.6	7.75	2.87	17.22	312.37	+0.6	7.75	2.87	17.22	312.37	312.37
6 Metals and Metal Finishing (7)	348.55	+0.6	7.25	2.87	17.22	348.55	+0.6	7.25	2.87	17.22	348.55	+0.6	7.25	2.87	17.22	348.55	348.55
7 Motors (14)	384.65	+0.6	7.25	2.87	17.22	384.65	+0.6	7.25	2.87	17.22	384.65	+0.6	7.25	2.87	17.22	384.65	384.65
8 Other Industrial Materials (22)	346.13	+0.2	6.88	3.14	19.57	346.13	+0.2	6.88	3.14	19.57	346.13	+0.2	6.88	3.14	19.57	346.13	346.13
9 Textiles (16)	328.40	+0.6	7.38	2.46	15.73	328.40	+0.6	7.38	2.46	15.73	328.40	+0.6	7.38	2.46	15.73	328.40	328.40
10 OTHER GROUPS (87)	312.35	+0.6	7.73	3.14	16.13	312.35	+0.6	7.73	3.14	16.13	312.35	+0.6	7.73	3.14	16.13	312.35	312.35
11 Agencies (16)	169.32	+0.3	3.56	1.35	36.96	169.32	+0.3	3.56	1.35	36.96	169.32	+0.3	3.56	1.35	36.96	169.32	169.32
12 Chemicals (22)	163.26	+0.3	3.15	1.89	31.40	163.26	+0.3	3.15	1.89	31.40	163.26	+0.3	3.15	1.89	31.40	163.26	163.26
13 Communications (12)	162.41	+0.1	7.27	3.25	15.72	162.41	+0.1	7.27	3.25	15.72	162.41	+0.1	7.27	3.25	15.72	162.41	162.41
14 Conglomerates (12)	162.41	+0.1	7.27	3.25	15.72	162.41	+0.1	7.27	3.25	15.72	162.41	+0.1	7.27	3.25	15.72	162.41	162.41
15 Shipping and Transport (11)	228.05	+0.3	7.56	3.67	17.39	228.05	+0.3	7.56	3.67	17.39	228.05	+0.3	7.56	3.67	17.39	228.05	228.05
16 Telephones Networks (2)	162.37	+0.3	3.56	1.35	36.96	162.37	+0.3	3.56	1.35	36.96	162.37	+0.3	3.56	1.35	36.96	162.37	162.37
17 Miscellaneous (24)	162.37	+0.3	3.56	1.35	36.96	162.37	+0.3	3.56	1.35	36.96	162.37	+0.3	3.56	1.35	36.96	162.37	162.37
18 FINANCIAL GROUP (48)	1181.24	+0.3	6.88	2.86	18.32	1181.24	+0.3	6.88	2.86	18.32	1181.24	+0.3	6.88	2.86	18.32	1181.24	1181.24
19 Oil & Gas (17)	229.64	+0.3	7.50	4.37	16.47	229.64	+0.3	7.50	4.37	16.47	229.64	+0.3	7.50	4.37	16.47	229.64	229.64
20 SMO SHARE INDEX (28)	229.64	+0.3	6.97	3.07	18.02	229.64	+0.3	6.97	3.07	18.02	229.64	+0.3	6.97	3.07	18.02	229.64	229.64
21 FINANCIAL GROUP (118)	229.64	+0.3	6.97	3.07	18.02	229.64	+0.3	6.97	3.07	18.02	229.64	+0.3	6.97	3.07	18.02	229.64	229.64
22 Banks (8)	229.64	+0.3	6.97	3.07	18.02	229.64	+0.3	6.97	3.07	18.02	229.64	+0.3	6.97	3.07	18.02	229.64	229.64
23 Insurance (Life) (9)	1121.51	+0.3	3.91	1.21	21.09	1121.51	+0.3	3.91	1.21	21.09	1121.51	+0.3	3.91	1.21	21.09	1121.51	1121.51
24 Insurance (General) (7)	1121.51	+0.3	3.91	1.21	21.09	1121.51	+0.3	3.91	1.21	21.09	1121.51	+0.3	3.91	1.21	21.09	1121.51	1121.51
25 Insurance (Other) (9)	1121.51	+0.3	3.91	1.21	21.09	1121.51	+0.3	3.91	1.21	21.09	1121.51	+0.3	3.91	1.21	21.09	1121.51	1121.51
26 Merchant Banks (11)	1121.51	+0.3	3.91	1.21	21.09	1121.51	+0.3	3.91	1.21	21.09	1121.51	+0.3	3.91	1.21	21.09	1121.51	1121.51
27 Property (46)	1121.51	+0.3	3.91	1.21	21.09	1121.51	+0.3	3.91	1.21	21.09	1121.51	+0.3	3.91	1.21	21.09	1121.51	1121.51
28 Other Financial (28)	1121.51	+0.3	3.91	1.21	21.09	1121.51	+0.3	3.91	1.21	21.09	1121.51	+0.3	3.91	1.21	21.09	1121.51	1121.51
29 Investment Trusts (92)	1121.51	+0.3	3.91	1.21	21.09	1121.51	+0.3	3.91	1.21	21.09	1121.51	+0.3	3.91	1.21	21.09	1121.51	1121.51
30 Mining Finance (12)	1121.51	+0.3	3.91	1.21	21.09	1121.51	+0.3	3.91	1.21	21.09	1121.51	+0.3	3.91	1.21	21.09	1121.51	1121.51
31 Overseas Traders (10)	1121.51	+0.3	3.91	1.21	21.09	1121.51	+0.3	3.91	1.21	21.09	1121.51	+0.3	3.91	1.21	21.09	1121.51	1121.51
32 ALL-SHARE INDEX (722)	1121.51	+0.3	3.91	1.21	21.09	1121.51	+0.3	3.91	1.21	21.09	1121.51	+0.3	3.91	1.21	21.09	1121.51	1121.51

FIXED INTEREST					AVERAGE GROSS REDEMPTION YIELDS			Fri Sep 11	Thu Sep 10	Year ago (approx.)	1987		
PRICE INDEXES		Fri Sep 11	Day's change %	Thu Sep 10	nd adj. today	nd adj. 1987 to date	1 British Government				High	Low	
							1 Low Coupons 5 years	9.67	9.67	8.70	9.78	2 1/1	7.52 11/5
							2 Low Coupons 15 years	9.87	9.89	9.63	10.08	2 1/1	8.53 8/5
							3 Medium Coupons 25 years	9.74	9.77	10.00	10.00	2 1/1	8.55 8/5
							4 Medium Coupons 5 years	10.39	10.44	10.07	10.80	2 1/1	8.39 8/5
							5 Medium Coupons 15 years	10.15	10.18	9.99	10.30	2 1/1	8.74 8/5
							6 High Coupons 5 years	9.92	9.95	9.83	10.18	2 1/1	8.75 8/5
							7 High Coupons 15 years	10.39	10.42	10.17	10.80	2 1/1	8.39 8/5
							8 High Coupons 25 years	10.32	10.35	10.17	10.77	2 1/1	8.86 8/5
							9 Irredeemables	9.97	10.00	9.91	10.24	2 1/1	8.72 8/5
							10 Irredeemables	9.99	10.03	9.49	10.06	2 1/1	8.67 8/5
							1 Index-Linked						
							2 Inflation rate 5% Over 5 yrs	3.42	3.44	3.96	3.35	2 1/1	2.83 28/5
							3 Inflation rate 10% Over 5 yrs	4.04	4.06	3.51	4.10	28/9	3.30 6/4
							4 Inflation rate 10% Over 5 yrs	3.37	3.38	2.53	3.41	9/9	0.85 24/3
							5 Inflation rate 10% Over 5 yrs	4.04	4.06	3.34	4.07	9/9	3.17 27/3
							6 Index-Linked						
							7 Bonds 5 years	11.39	11.43	10.46	11.57	25/8	9.46 12/6
							8 Bonds 15 years	11.39	11.43	10.82	11.52	28/8	9.79 23/3
							9 Bonds 25 years	11.39	11.43	10.86	11.48	26/8	9.84 23/3
							10 Preference						
							11 Preference	10.04	10.04	10.82	11.43	2 1/1	10.05 22/6
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INTL. COMPANIES and FINANCE

Alan Friedman and Gordon Cramb examine the \$1.6bn Himont deal

Italians don polypropylene crown

AT THE Milan corporate headquarters of the Montedison group yesterday, the phones were ringing off their hooks as news seeped out of the Italian chemical concern's decision to spend nearly \$1.6bn to bump itself up to 80 per cent control of its Himont polypropylene venture with Hercules of the US.

In the morning institutional investors and analysts from the City of London dialled Milan to find out what was going on. Then, in the early afternoon (Milan time), Wall Street woke up to news of the deal (it was on early morning US business television news) and so Montedison executives went into a second round of explanations.

There are essentially two ways of analysing the Montedison move: it can be viewed in terms of the group's industrial strategy in the chemicals sector and it can be examined with an eye to the group's declared financial strategy of keeping its debt-equity ratio to a level around parity.

In industrial terms the deal sees the Italian group buying out Hercules, a leading US chemicals company and Montedison's original partner in Himont from 1983. At the time the deal was announced, the idea was to combine polypropylene businesses in order to reach a commanding share of the world market for this specialty plastic material and to incorporate cost-saving new technologies.

From 1983 Montedison and Hercules each had 50 per cent of Himont, and the Wilmington, Delaware, venture has grown to become the world's biggest producer of polypropylene, an inexpensive plastic used to make moulded items such as battery cases, car bumpers, cigarette filters and a variety of films used in packaging as well as fibres.

Himont at present claims 20 per cent of the world market and the largest world capacity

for polypropylene, 1.5m tonnes at ten plants in the US, Canada, Italy, Belgium, Taiwan, Brazil and Thailand.

Last February Montedison and Hercules reduced their stakes in Himont from 50 per cent to 33.7 per cent each, with a 22.6 per cent float of the shares sold on the New York Stock Exchange to raise \$402.5m at a price of \$28 per share.

Now, with Himont's share price at around \$50, Montedison is paying \$59.50 per share for the 33.7 per cent held by Hercules. The Italians also plan to buy up another 30 per cent on the market to reach 80 per cent control of Himont, the level that allows full consolidation for fiscal purposes in the US and should save \$40m in taxes according to Montedison.

For Montedison the consolidation of Himont will take the company deeper into the polymer market and increase the portion of total group turnover derived from the chemicals sector to 83 to 88 per cent. It also will give Montedison a healthy cash fillip out of Himont profits (see table).

Montedison said yesterday that "nothing went wrong in the joint venture with Hercules — we just seized an ideal opportunity to increase our polypropylene portfolio and strengthen our international presence and we offered an attractive price."

The Milan group said that the \$59.50 per share price represented around 18 times historic earnings at Himont or 15 times prospective earnings. Montedison argued that to obtain majority control of companies in the chemicals sector higher multiples had been paid by its competitors.

It is the good news, but meanwhile the deal blows a hole, at least in the short term, through the group's financial strategy. Over the past 18 months Montedison and its subsidiaries have raised around \$2bn on Italian and foreign capital markets in a twin

attempt to keep its debt burden under control and to fund a series of acquisitions.

Despite the cash calls Montedison on Thursday revealed that its total debt had jumped by \$1.4bn in the first six months of 1987, to reach \$4.6bn at the end of June, compared with shareholders' funds (equity plus reserves) of \$3.7bn. So already by this summer the debt-equity ratio had gone above parity to reach 1.24-to-1.

Although Montedison has plans to finance its Himont deal by way of asset disposals, fund raising on capital markets and tapping the \$500m cash balance inside Himont once it has consolidated the company, this is unlikely to be achieved in full before the start of next year.

That means Montedison must carry at least before using Hercules' cash balance, a peak total debt burden of around \$6.3bn. In other words, the debt-equity ratio leaps to 1.7-to-1 before coming down again. Montedison insisted yesterday that it would set its gearing back to parity "soon".

For Hercules, the disposal of its remaining involvement in Himont marks the end of a four-year effort to take itself away from petrochemical-related products and the cyclically dependent polypropylene resins business in particular.

Mr David Hollingsworth, who became chairman of Hercules in March, does not hide his belief that the sector is "close to a cyclical peak" with a spread between output prices and raw materials which he describes as almost unprecedented.

This was far from the case in 1982 when Mr Alexander Giacco, the longtime head of Hercules, was put in charge of a team which was charged with steering the polypropylene resins operation into a joint venture. In May of the following year, Montedison was found as the partner. Both were incurring losses

from this member of the commodity plastics family, in which Himont became industry leader. The turnaround was achieved in part through reorganising production capacity and up-grading technology, helped by a favourable swing in commodity values and the discovery of new end uses for polypropylene including cigarette filters and nappies.

Mr Hollingsworth credits Montedison, which brought only a third of the capacity of Himont originally, with providing much of the technological advances deployed in bringing down production costs. Himont has been headed by Mr Giacco following his retirement from Hercules earlier this year, and his position was not made clear yesterday.

Defence and aerospace are among the expansion areas now being targeted by Hercules. According to Mr Hollingsworth, the company "has actively built both organically and through acquisition." No immediate deal was in prospect, however.

He could not yet say what gain the disposal would bring to the Delaware group's earnings for the current year. Analysts had been forecasting that if its 88.5 per cent stake had been retained, a contribution of around \$85m was possible.

Sugar beet harvest delayed

HARVESTING and processing of sugar beet is likely to be delayed in some European countries this year due to the crop's slow development. F.O. Licht, the West German sugar statistics agency, said in a recent report that weather reports from Ratzelberg, Denmark has already announced that harvesting will not start until mid-October.

Labour fund falls victim to zaitech

By Yoko Shibata in Tokyo
ANOTHER VICTIM of zaitech — financial technology or ingenious securities trading — emerged yesterday following the Y20bn loss by Tateho Chemical Industries which sent a shiver through world markets earlier this month.

The Labour Credit Association of Kanagawa prefecture in central Japan has incurred a book loss of Y10bn (\$71m) on its investments, mainly in overseas securities, because of recent sharp currency fluctuations.

The association said yesterday that the book value of its Australian dollar bond holdings declined by Y800m when the Australian currency was devalued by 10 per cent in February 1983.

In an attempt to make up for the decline, the association bought large amounts of US dollar bonds from fiscal 1984 to early fiscal 1985. However, the yen's steep appreciation against the US dollar since September 1985 produced a huge valuation loss on its US dollar bond holdings, it said.

The association said domestic bond holdings "to help cover the loss, but a Y10.8bn loss still remained in March, at the end of fiscal 1986."

Mr Yasunori Tanabe, the association's managing director, said: "There is no evidence that we have done a flippancy zaitech operation. The book loss caused by the yen's appreciation should be inherent to all Japanese financial institutions. We are not an exceptional case."

In early May, the association was asked by the Ministry of Finance to improve management, especially fund investment, and reshuffled its leadership. It has prepared a programme to eliminate the realised loss in the next six years.

NZ thrift seeks bank status

By Dal Hayward in Wellington
COUNTRY WIDE, one of New Zealand's biggest building societies, has applied for permission to operate as a full bank, and plans to be active in the retail banking area including the issuing of cheques. The application to New Zealand's Reserve Bank, which changes in legislation which allow building societies to convert to a company structure — something which is required under new banking regulations.

standing sub-contracted orders to supply several European NATO countries with engines for the T-16 jet.

It is believed that the deal will imply a potential addition of NZR 300m loss for the Kongsberg group over and above what was originally calculated by Norwegian authorities in their accord solution for the creditors.

WEEKLY PRICE CHANGES

	Latest price	Change on week	Year ago	1987
	per tonne unless stated			High Low
METALS				
Aluminium	\$1670.00	+30	\$1255.25	\$1885.185 \$1285.125
Free Market a.i.f.	\$1670.00			
Free Market 99.95	\$1670.00			
Antimony	\$1095	-35	\$240.250	\$240.250 \$240.250
Copper	\$220.50	+39	\$225.75	\$212.25 \$225.75
3 months Grade A	\$220.50			
Gold per oz	\$342.5	-2.5	\$342.5	\$342.5 \$342.5
Lead	\$212.5	+3	\$212.5	\$212.5 \$212.5
3 months	\$212.5			
Nickel	\$239.5	+8	\$231.35	\$217.5 \$239.75
Free Market	\$239.5			
Palladium	\$117.50	-6	\$168.185	\$247.250 \$117.50
Platinum per oz	\$851.00	-13.25	\$850.50	\$846.50 \$851.00
QuickSilver (75lb)	\$200.310	-	\$115.125	\$300.310 \$115.125
Silver per oz	\$226.50	+10.55	\$226.50	\$226.50 \$226.50
3 months per oz	\$226.50			
Tin	\$4149.170	+15	\$3750.750	\$4149.170 \$3750.750
Tungsten ind.	\$257.5	-	\$257.5	\$257.5 \$257.5
Wolfram (82.04 lb)	\$257.5	-	\$257.5	\$257.5 \$257.5
Zinc cash	\$242.75	+0.25	\$242.75	\$242.75 \$242.75
Producers	\$242.75			
GRAINS				
Barley Futures Nov.	\$100.60	+0.55	\$107.70	\$118.55 \$95.50
Maize French	\$108.00	-	\$108.00	\$108.00 \$108.00
Wheat Futures Nov.	\$106.00	-1.00	\$107.50	\$125.50 \$98.75
SPICES				
Cloves	\$347.5	-	\$347.5	\$347.5 \$347.5
Pepper white	\$482.5	-	\$482.5	\$482.5 \$482.5
Pepper black	\$482.5	-	\$482.5	\$482.5 \$482.5
Coconut (Philippine)	\$482.5	-	\$482.5	\$482.5 \$482.5
Palm Malayan	\$385	-	\$385	\$385 \$385
Copra (Philippine)	\$385	-	\$385	\$385 \$385
Soyabean (U.S.)	\$385	-	\$385	\$385 \$385
OTHER COMMODITIES				
Coffee Futures Dec.	\$119.5	-53	\$119.5	\$119.5 \$119.5
Coffee Futures Nov.	\$119.5	-53	\$119.5	\$119.5 \$119.5
Cotton (U.S.)	\$119.5	-53	\$119.5	\$119.5 \$119.5
Gas Oil Fut. Nov.	\$119.5	-53	\$119.5	\$119.5 \$119.5
Julia Lard 500 grade	\$119.5	-53	\$119.5	\$119.5 \$119.5
Rubber 100	\$119.5	-53	\$119.5	\$119.5 \$119.5
Sisal No. 2	\$119.5	-53	\$119.5	\$119.5 \$119.5
Super 100	\$119.5	-53	\$119.5	\$119.5 \$119.5
Tax quality kilo	\$119.5	-53	\$119.5	\$119.5 \$119.5
Wool med. kilo	\$119.5	-53	\$119.5	\$119.5 \$119.5
Woolfine 640 Super	\$119.5	-53	\$119.5	\$119.5 \$119.5

Unquoted: (a) Nov. (b) Sept/Oct. (c) Oct/Nov. (d) Oct.

ALUMINIUM

	Unofficial + or -	High/Low
	per tonne	
Cash	1880.00	+20
3 months	1861.51	+1.55
Official closing (am): Cash 1880.00 (1.880.00), three months 1861.51 (1.861.51), settlement 1.880.00 (1.880.00). Final Kibb: 1.880.00. Ring turnover: 1880.00.		
99.99 2 per tonne	1880.00	
Official closing (am): Cash 1880.00 (1.880.00), three months 1861.51 (1.861.51), settlement 1.880.00 (1.880.00). Final Kibb: 1.880.00. Ring turnover: 1880.00.		

COFFEE

	Unofficial + or -	High/Low
	per tonne	
Cash	100.00	+1.00
3 months	100.00	+1.00
Official closing (am): Cash 100.00 (1.00.00), three months 100.00 (1.00.00), settlement 1.00.00 (1.00.00). Final Kibb: 1.00.00. Ring turnover: 100.00.		

COPPER

	Unofficial + or -	High/Low
	per tonne	
Cash	100.00	+1.00
3 months	100.00	+1.00
Official closing (am): Cash 100.00 (1.00.00), three months 100.00 (1.00.00), settlement 1.00.00 (1.00.00). Final Kibb: 1.00.00. Ring turnover: 100.00.		

LEAD

	Unofficial + or -	High/Low
	per tonne	
Cash	100.00	+1.00
3 months	100.00	+1.00
Official closing (am): Cash 100.00 (1.00.00), three months 100.00 (1.00.00), settlement 1.00.00 (1.00.00). Final Kibb: 1.00.00. Ring turnover: 100.00.		

NICKEL

	Unofficial + or -	High/Low
	per tonne	
Cash	100.00	+1.00
3 months	100.00	+1.00
Official closing (am): Cash 100.00 (1.00.00), three months 100.00 (1.00.00), settlement 1.00.00 (1.00.00). Final Kibb: 1.00.00. Ring turnover: 100.00.		

ZINC

	Unofficial + or -	High/Low
	per tonne	
Cash	100.00	+1.00
3 months	100.00	+1.00
Official closing (am): Cash 100.00 (1.00.00), three months 100.00 (1.00.00), settlement 1.00.00 (1.00.00). Final Kibb: 1.00.00. Ring turnover: 100.00.		

TIN

	Unofficial + or -	High/Low
	per tonne	
Cash	100.00	+1.00
3 months	100.00	+1.00
Official closing (am): Cash 100.00 (1.00.00), three months 100.00 (1.00.00), settlement 1.00.00 (1.00.00). Final Kibb: 1.00.00. Ring turnover: 100.00.		

COCOA

	Unofficial + or -	High/Low
	per tonne	
Cash	100.00	+1.00
3 months	100.00	+1.00
Official closing (am): Cash 100.00 (1.00.00), three months 100.00 (1.00.00), settlement 1.00.00 (1.00.00). Final Kibb: 1.00.00. Ring turnover: 100.00.		

GOLD

	Unofficial + or -	High/Low
	per tonne	
Cash	100.00	+1.00
3 months	100.00	+1.00
Official closing (am): Cash 100.00 (1.00.00), three months 100.00 (1.00.00), settlement 1.00.00 (1.00.00). Final Kibb: 1.00.00. Ring turnover: 100.00.		

PUBLICATION of worse-than-expected US trade figures prompted local and commission house buying in the precious metals, reports Drexel Burnham Lambert. However, as the stock market recovered and as the trade was noted as a major seller into the rally, commission houses and local liquidated long positions and in some cases went short. Trade selling continued to push the markets to the day's lows before local short-covering on the close rallied prices slightly. Copper continued strong on trade and technical buying, reflecting constructive fundamentals. Crude oil was quiet, early trade selling touching off light commission house stops before light trade support emerged, as the low selling price covering to pare losses. Cotton moved to limit-up on good trade and commission house buying following publication of crop reports which showed smaller-than-expected production both domestically and worldwide.

	Close	Prev	High	Low
ORANGE JUICE 15,000 lb. cents/lb.				
Sept	45.0	45.0	45.0	45.0
Oct	45.0	45.0	45.0	45.0
Nov	45.0	45.0	45.0	45.0
Dec	45.0	45.0	45.0	45.0
Jan	45.0	45.0	45.0	45.0
Feb	45.0	45.0	45.0	45.0
Mar	45.0	45.0	45.0	45.0
Apr	45.0	45.0	45.0	45.0
May	45.0	45.0	45.0	45.0
Jun	45.0	45.0	45.0	45.0
Jul	45.0	45.0	45.0	45.0
Aug	45.0	45.0	45.0	45.0
Sept	45.0	45.0	45.0	45.0
PLATINUM 50 Troy oz. \$/troy oz.				
Oct	920.0	920.0	920.0	920.0
Nov	920.0	920.0	920.0	920.0
Dec	920.0	920.0	920.0	920.0
Jan	920.0	920.0	920.0	920.0
Feb	920.0	920.0	920.0	920.0
Mar	920.0	920.0	920.0	920.0
Apr	920.0	920.0	920.0	920.0
May	920.0	920.0	920.0	920.0
Jun	920.0	920.0	920.0	920.0
Jul	920.0	920.0	920.0	920.0
Aug	920.0	920.0	920.0	920.0
Sept	920.0	920.0	920.0	920.0
SILVER 5,000 Troy oz. cents/troy oz.				
Oct	70.0	70.0	70.0	70.0
Nov	70.0	70.0	70.0	70.0
Dec	70.0	70.0	70.0	70.0
Jan	70.0	70.0	70.0	70.0
Feb	70.0	70.0	70.0	70.0
Mar	70.0	70.0	70.0	70.0
Apr	70.0	70.0	70.0	70.0
May	70.0	70.0	70.0	70.0
Jun	70.0	70.0	70.0	70.0
Jul	70.0	70.0	70.0	70.0
Aug	70.0	70.0	70.0	70.0
Sept	70.0	70.0	70.0	70.0
SUGAR WORLD 112,000 lbs. cents/lb.				
Oct	12.0	12.0	12.0	12.0
Nov	12.0	12.0	12.0	12.0
Dec	12.0	12.0	12.0	12.0
Jan	12.0	12.0	12.0	12.0
Feb	12.0	12.0	12.0	12.0
Mar	12.0	12.0	12.0	12.0
Apr	12.0	12.0	12.0	12.0
May	12.0	12.0	12.0	12.0
Jun	12.0	12.0	12.0	12.0
Jul	12.0	12.0	12.0	12.0
Aug	12.0	12.0	12.0	12.0
Sept	12.0	12.0	12.0	12.0

NEW YORK

NEW YORK					CHICAGO				
ALUMINUM 40,000 lb, cents/lb					LIVE CATTLE 40,000 lb, cents/lb				
	Close	Prev	High	Low		Close	Prev	High	Low
Sept	79.50	79.25	79.50	79.50	Oct	68.27	68.22	68.40	67.70
Oct	79.50	79.50	79.50	79.50	Nov	68.55	68.47	68.60	68.30
Nov	79.50	79.50	79.50	79.50	Dec	68.55	68.55	68.55	68.55
Dec	77.00	77.00	77.00	77.00	Jan	68.12	68.12	68.20	67.80
Jan	77.00	76.25	77.00	77.00	June	68.80	68.80	68.85	68.60
Feb	75.35	74.85	75.35	75.35	Aug	67.25	67.45	67.45	67.25
March	72.50	72.50	72.50	72.50	Oct	68.30	68.35	68.50	68.20
April	69.50	69.45	69.50	69.50					
May	67.50	67.75	67.75	67.75					
		</							

CURRENCIES & MONEY

FOREIGN EXCHANGES

Trade figures disappoint

THE DOLLAR finished with mixed changes yesterday after the release of US trade figures. The \$16.47bn deficit was much in line with expectations but was still less than encouraging and the dollar lost ground soon after the announcement before recovering on short covering ahead of the weekend.

It touched a low of DN 17880 against the D-Mark before coming back to close at DN 18065 from DN 18065. It finished above Thursday's closing levels against the yen at Y142.50 from Y142.50. There was no sign of any central bank intervention.

Longer term sentiment was a little harder to predict. Some dealers suggested that while yesterday's figures were far from ideal, there was room for improvement next month since Japan's trade surplus was falling. Others disagreed on two counts, maintaining that Japan's trade position was only a part concern in the overall deficit and that even so a \$16bn a month shortfall was not sustainable.

On balance dollar sentiment remained bearish. Elsewhere it closed at Sfr 1.4895 compared with Sfr 1.4895. On Bank of England figures, the dollar's value fell to 100.4 from 100.8.

Sterling finished on a firmer note. The dollar's overall bearish tone enabled the pound to improve to \$1.6505 from \$1.6450. It was unchanged against the D-Mark at 2.9725 but rose against the yen to Y235.75 from Y235.50.

Initial reaction to the US trade figures saw the dollar lose ground in Frankfurt. However the trend

did not last because there was little incentive to carry too many exposed positions over the weekend. The dollar closed at DM1.7940 from DM1.8035, having fallen briefly below DM1.79.

JAPANESE YEN trading rose against the dollar in 1987 to 159.45 from 158.35. August average 147.57. Exchange rate index 222.8 against 209.8 six months ago.

There was little movement in Tokyo as traders awaited the release of US trade figures. A little short covering was seen as speculators squared their positions but no clear trend developed simply because reaction to the trade figures remained an unknown quantity.

The dollar closed at Y142.55 against Y142.50 in New York and Y142.55 in Tokyo on Thursday. News of reaction to the Japanese trade surplus gave the dollar a brief fillip but seemed to be insufficient to change dollar sentiment from its bearish trend.

Account Dealing Dates

First Declared Last Account
Dealings Date Dealings Date
Aug 24 Sept 10 Sept 11 Sept 21
Sept 14 Sept 24 Sept 25 Oct 5
Sept 28 Oct 8 Oct 9 Oct 19

* New time dealings may take place from 9.00 am two business days earlier.

International security markets reacted in controversial fashion to the US trade deficit for July. The \$16.45bn shortfall on current accounts was announced at 10.30 pm London time and appeared to stum UK markets, which went into reverse immediately. US bonds headed in the same southerly direction as fears were revived of another high in American interest rates.

The opening, an hour later, of the New York equity market was awaited with trepidation. Wall Street instead of weakening, moved sharply higher with US traders apparently satisfied by the economic numbers and mystified over the poor London reception. The Dow Jones index posted a gain of 30 points, but end-Account influences coupled with futures market volatility held London in check.

After 3.30 pm, however, a firmer trend emerged as demand without penalty for the new trading Account beginning on Monday developed. Much of this support was from traders hoping for a resumption of institutional activity next week. A fuller economic calendar open on Monday with the UK producer prices index and last month's retail sales, and concluded on Friday with the August monetary statistics.

The late buying took the main indices back up to the best levels of the day and the FT-SE 100 share index closed showing a net gain of 8 points at 2,981.32, up from 2,973.50 at 3.30 pm. The index was 11 points lower. Over the three-week trading Account the index has risen 55.4. Influenced by the after-hours' activity, recorded share gains increased quite sharply to 17.75.

A revival of US support for pharmaceutical stock Wellcome and motor manufacturer Jaguar was choked off by a mid-afternoon dip in the dollar and failed to rally. International issues continued to trade quietly, reflecting the continued lack of institutional activity, but the undertone of the market was helped by the IMF forecast of further economic growth in the non-communist world until end-1988.

Government securities overcame a bad patch which followed the US data, as market makers bounce in the sterling exchange rate brought little relief until US bonds eventually regained their losses and moved higher. Traders were then encouraged to buy stock and some market makers were caught with open positions. A certain amount of book-keeping

FINANCIAL TIMES STOCK INDICES									
	Sept. 11	Sept. 10	Sept. 9	Sept. 8	Sept. 7	Year	1987		Since Completion
							High	Low	High
Government Secs	85.43	103.33	85.19	85.86	85.82	87.01	93.32	84.49	127.4
Fixed Interest	90.92	90.81	91.52	91.60	92.35	94.00	99.12	89.23	107.15
Ordinary	1763.8	1761.3	1756.1	1775.2	1788.5	1796.2	1,926.2	1,320.2	2,974.5
Gold Mines	459.0	448.9	448.6	454.2	458.5	297.4	497.5	288.2	734.7
Gr. Div. Yield	3.33	3.33	3.33	3.33	3.26	4.28	5.84	4.28	5.84
Earnings Yld (%)	8.14	8.12	8.12	8.22	8.05	9.84	10.84	8.05	9.84
P/E Ratio (mtd)	15.04	15.02	15.02	14.94	15.25	12.46	16.44	12.46	16.44
SEAO Barge (5 m)	47.765	34.292	31.312	30.721	31.533	—	47.765	31.533	—
Equity Turnover (%)	134.71	103.74	101.73	104.67	104.67	—	134.71	104.67	—
Equity Value	36,999	35,145	35,333	35,792	22,834	—	36,999	22,834	—
Shares Traded (m)	—	—	444.3	—	352.3	290.8	—	—	—

Opening 1761.6 10 a.m. 1762.5 11 a.m. 1763.9 Noon 1763.8 1 p.m. 1764.0 2 p.m. 1765.2 3 p.m. 1766.2 4 p.m. 1767.0

Day's High 1764.3 Day's Low 1757.0. Bank 100 Govt. Secs 100/102, Fixed Int. 100/102, Ordinary 100/102, Gold Mines 100/102, SE Activity 100/102. * N/A = 14.80. († Corrected figure).

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

ing developed, leaving longer maturities with net rises ranging to 1/2%.

Index-linked Gilts were a feature, although the August inflation figure of 4.4 per cent year-on-year was exactly in line with expectations. Stock shortages contributed to the upward momentum, and selected stocks ended with gains of 7%.

Equity and Law, the life assurance company currently in receipt of a 200p-a-share cash bid from New Zealander Ron Briley's BIL, surged 27 to 417p following the 400p-a-share cash counter offer from the Paris-based Compagnie du Midi. The offer from the French group values E & L at \$400m compared with BIL's \$265m offer.

But dealers said the performance of E & L shares indicated a third bid for E & L could be in the pipeline with Italian and West German insurance groups possibly stalking the group. A more likely take-out level for Equity and Law would be in the region of 450p a share, traders said.

News that Argentina is seeking to freeze interest rates on its \$540m foreign debt triggered a minor decline in the bank sector at the outset but prices picked up later in the day on the appearance of new time buying and "bargain hunting".

Standard Chartered were particularly favoured and ended the day a net 7 higher at 806p, after the sale of its 10 per cent stake in Hong Kong's Wing Hung Bank. Newclose closed little changed at 713p, as did Midland, 493p, and Barclay, 574p. Lloyds, perceived to have a large exposure to Argentinean debts, fell 10 to 543p, after 3p.

When selling by small investors has largely dried up since the final 50p call, moved ahead to 146p prior to closing a net 3 1/2 higher at 146p. Merchant banks showed little movement at 150p, although rumours of another bid for the bank, Bats were talked off here, while Morgan Grenfell, also regarded as a prime bid target, added 8 to 533p.

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ahead to 146p prior to closing a net 3 1/2 higher at 146p. Merchant

banks showed little movement at 150p, although rumours of another bid for the bank, Bats were talked off here, while Morgan Grenfell, also regarded as a prime bid target, added 8 to 533p.

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488p. Elsewhere in the Building

Account on a subdued note, sentiment not being helped by consolidation of the cautious tenor of the latest CBI/FT distributive survey. Nevertheless, W. H. Smith A firm a penny to 301p despite news that the proposed disposal of its half-share in Book Club Associates is to be referred to the Monopolies Commission.

Coats Viscella, 2 lower at 371p, eased ahead of interim results scheduled for next week. Another firm stop was provided by GUS A firm a penny to 301p despite news that the proposed disposal of its half-share in Book Club Associates is to be referred to the Monopolies Commission.

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tion of Barber-Colman of the US \$137.8m to be funded by a \$207m rights issue. Barber-Colman, which is privately owned, is a major US manufacturer of highly engineered controls products.

Favourable Press comment prompted interest in Wobley which advanced 17 to 655p, while DPC, still responding to the good preliminary results, advanced 17 to 655p. Sater continued to attract buyers ahead of Monday's half-year statement and put on 14 more to 303p. Comment on the interim figures left Hepworth Ceramics 9 to the good at 572p. Pentland ran into fresh selling and gave up 7 to 205p, while profit-taking clipped 15 from Highgate and Job at 700p. Optical and Medical fell 14 to 246p on acquisition news and the proposed £22m rights issue.

Spectrum, a rising market on Thursday reflecting speculative buying in a restricted market, moved up to 85p prior to closing 10 higher on the day following the company's announcement that it is in talks which may lead to a modest acquisition.

Television issues continued to benefit from Thursday's trading. Fresh support, much of which was to come to 373p and Scottish advancing 24 to 610p. Yorkshire were up 10 to 234p and LWT 5 dearer at 955p.

Motor sectors generally moved narrowly. Ford's rising 15 more to 373p and Scottish advancing 24 to 610p. Yorkshire were up 10 to 234p and LWT 5 dearer at 955p.

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Oil No of bargans included 1551

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 Atlantic International LCoM ShS of NPW -
 70 (35687)
 BOMH LCoM PLCoM 2nd Mtg Deb PLC
 1089 - 1000 20 50 75
 BOMH LCoM PLCoM 2nd Mtg Deb PLC
 51 - 81
 BOMH Oil PLCoM 2nd Mtg Deb PLC S1 S1 - 55
 (75687)
 71% Qum Rdm Pdt S1 S1 - 65 P
 8% Qum Rdm Pdt S1 S1 - 65 P
 Cn Grd Pmt Pmt 50 - 488 70P 3.3 4.4%
 5 6 80 85 55

Sunderland & South Shields Water Co
 £ 230 (35687)
 3.2% Pmt 50 Mtg S1 S1 - £100 (75687)
 Tending Harbour Waterworks Co 4% Deb
 S1 S1 - £25 (85687)
 Westminster Waterworks Co 4% Deb
 MxMx 71% Qum - £110 - £110 (85687)

USM Appendix
 No. of bargains included 2165
 Avesso PLC Qum Cpm Prg Rnd Pmt 1997 P1
 - 103
 Biopharmaceuticals International PLC Qum 50 - 64
 50 - 64

Corporate Estates Properties PLC Ord 5p - 79 80 1 $\frac{1}{2}$
Cranthorn PLC Ord 50p - 755 810

L.P. LP 12.12% Uns Lk Cst 1981 (reg) 120
 Great Western Resources Inc Cst of Cst
 Sst NPV - 212
 Kingston Oil & Gas LP Cst 50 - 115
 Sst Trans LP Cst 50 - 115
 Sst Trans LP Cst 50 - 115
 50% 1st Prj Cmt (1) - 43 (7867)
 Treaco International Financial Corp 31%
 Cst 50 Lk 8198 - 524 (45867)
 Total - Cst of Cst 50 - 115
 Sst 50 - 115
 Sst 50 - 115
 Zapata Corp Cst 50.25 - 35% (8567)

Fargahgo Bank LP Cst 12% Cst Uns Lk
 8597 - 125
 Global West LP Cst 25 - 203 (6847)
 Goodwood Print Group LP Cst 7% Cst Cw
 Cst 1st 150 (55687)
 Johnson City LP Cst 50 - 162 57 8
 Homberg Fry LP Cst 100 - 150
 Knebel & Associates LP Cst 100 - 145 6
 Parkway Group LP Cst 50 - 257 912
 Parnet International LP Cst 35% Cst Prk
 Sst 1 - 41
 Rhythm LP Cst 12% Cst 50 - 123 5
 Rhythm LP Cst 12% Cst 50 - 123 5

Property No. of bargains included 885
 AEGIS London Properties PLC 100% Gov. Bd.
 - 107 23
 Rockwood Holdings PLC New Ord 10p
 (Fp) PAL-5/10/87 - 108 10

Asian Launch Products PLC New Ord 10p (N1)
81% Cnv Crs Unk Stk 1996 = 2235 (75a57)
Almost Launch Products PLC 95.7% 1st Mg
Dak Stk 569,000 = 130 (65a57)
1072% 1st Mg Ord Stk 8496 = 6931
(45a57)
Asia Property Hlds PLC 55.3% Cnv Crs
Red Ord 1st = 161 (65a57)
10 5/16% 1st Mg Ord Stk 211 = 1914%
Bampong Hlds Ltd 82.5% Unk Stk 2002007
= 274 (55a57)
Banque Paribas PLC Accum Stk 25p = 380
(75a57)
New Ord 10p (N1 Pd-105b) 1 = 65a57
Rural Planning Services PLC Ord 3p = 82
(75a57)
Scania Hlds PLC 7.75% Cnv Crs Red Pk
1st = 210 (65a57)
Sigmas International PLC 10p = 85 92%
Spahn Products PLC Ord 10p = 65

The Third Market Appendix
No. of bargains included 142
8 bargains
Chemical International PLC 10p = 103 4/5
5
Bentley Group Plc (N1a) Ord 5p

Brinxton Estate PLC 9.50% 1st Mgt Deb Sltk 2026 = 285%

Capital & Counties PLC New Ord 300 = 410
55% Cw Ptd Cl (Pp)PAL=10/10/87
91% Unld=10/10/87 232/232 (301/10/87)
= 113% (75/87)
91% Unls Lns Ssk 10/10/87 = 332 (26/87)
Cheesfield Properties PLC 25% New Ord
Cw Ptn Ptd = 112% (75/87)
City State Estates PLC 7% Cw Unls Lns Ssk
2005/86 = 112% (75/87)
Crested Assets PLC 10% Lns Lns Lns Ssk
Ssk 91/10/87 = 132% (26/87)
Cragdon Contained Ssk 10% 91% 1st Mtg
Deb Ssk 86/81 = 133

Warrants to sub New Ord = 110
UPL Group PLC New Ord 100
(Pp)LA=10/10/87 = 158 80

RULES SSK (4) (a)
Bargains marked in securities
where principal market is outside
the UK and Republic of Ireland
Quotations has not been granted in
London and dealings are not
recorded in the Official List

Great Portland Estates PLC 9.5% 1st Mtg
Dah Suk 2018 - £884.4m

Green Property Co PLC ord 25 - 161 p 135
Greenhouse Securities L774% one Lr 25
914d - 270% (85%)
Hammerson Prop InvDcor Usa Plc Ord 25p
- 675 80 15 50
Hochstetler Energy PLC 100% 1st Mtg Deb
8/92 293 292% (85%)
Land Securities PLC 60% 1st Mtg Deb Lr
8/93 - 626% (85%)
71% 1st Mtg Deb Lr 91/96 - 580 (75/87)
91% 1st Mtg Deb Lr 92/93 - 237% 1/4
1/4
American Seals 108 9 13 14 15 25 16 4 & 17
188
Alcora Steel Corp 875% (99)
American Barrick Resources Corp Com NPV
5338-40
Amstar Paper & Lumber Stores 518.03%
Amstar Exploration 535.662 (99)
Amsterdam-Rotterdam Bank 225.45
Aust Development 218 (89)
Balfour Beatty
Basic Resources Int (Bahamas) 28 17/85
Berminal Tin Dredging 75% (4/91)
Bentley Systems 100% (99)
SFC (Thames) SFC 522.95 1/4 F1356.0

8% Unls Ln Sdk 92/97 - £86 (45¢87)
8% Unls Ln Sdk 92/97 - £85%

[illegible]

Marlin International Properties Ltd Ord 25p
(Ex Rights) - 250 5 5 60 2 1/2
Cum Red Div P1 £1 - 137 7

Mudroan (A.J.) Jrgro PLC7% Cum Pft \$1 - 56 (756Pft)
 Peachey Property PLC6.5% 1st Mtg Deb \$1015(PA) -100.5Pft - 338% J-1 (456Pft)
 Peel Holdings PLC10% Cum Pft \$0 - 63 8.25% (Nad Cum Cum Non-Ving Pft \$1 - 11%
 93% 1st Mtg Deb Sub 2011 - 289%J-1
 Property Holdings & Inv Trust PLC1st Mtg Deb \$94 900Pft - 320Pft
 Reliable Properties PLC10% - P15
 Rothstein P. Services Enterprises PLC11% 1st

Golden Valley Mines 436 (94Pft)
 Grants Patch Mines 24 (79Pft)
 Greenbush Th 35
 Group Brumzies Lambert 55.40% BF4104.31 (94Pft)
 Harco Land Development SHXG.26% (94Pft)
 Harco North Ltd 325.14% (94Pft)
 Highlands Udon H.J Co S45.3Pft (49Pft)
 Hecla Corp 535
 Hill 30 1st Mtg Deb 118 (69Pft)
 HeliCorp Corp 5174
 Horizon Corp S44.4 4.52
 Hucker Pacific S44.4 4.52
 Iroquois 100

Invincible Gold NL Ord A\$0.30 (A\$0.20) 2544
26 7 (9/9)

Starting Estates 14.8% 1st Mtg Del Cst 85/93
- 68% 7%
Trustee General Securities PLC 9% One Ln St
St 95/2000 - £200
Water City of London Properties PLC
25% - 245 9 52

Plantations
No. of bargains indicated 24

Anglo-Desert Plantations PLC Warrants to
sub for Ord - 20 (55/87)
12% 1/4 Un Ln St 95/98 - 137 (55/87)

Jones (Davit) 500 574
Jones (Davit) 500 270 8% 9%
Kalam 100 200 100 100 100 100
Keynote International 320-6 (199)
Kuala Selam Rubber 45
Kulim 100 200 100 100 100 100
Malaysia Airline System 355 255
Marshall's Electric Industrial 57.24 2438.0
24 12-18 Miners S.A.I. 100 (199)
Mitsubishi Petroleum S.A.I. 100 (199)
Mitsubishi Heavy Inds 5602.36 (199)
Mogel 1100 540.41 (199)
Mogel 1100 540.41 (199)
Mogel 1100 540.41 (199)
Mogel 1100 540.41 (199)
Mogel 1100 540.41 (199)

9% Crv Unls Ln Ssk 1989 - 2158 (8Se87)
Dunlop Plantations Ltd 1986 Crv Rd 81 - 58

(S&P76)
Ruo Estancia Metals PLC25p - 835
Sinnah Rubber Co PLC(R)ag - £38
(S&P77)
Singapore Rubber Estates PLC(S)g - 69

Railways No. of bargains included 1

Canadian Pacific Ltd(R) (ex Ltd)inter-
venient 1
Victorian Railways (R) Roadway 1
Gd Prt SCL - £224p 31/4

Nationalised Nationalised CVA (F225) F743/354
75/1 74/45 74 77 6
Nugini Mining 50.0/5 1/5
North Flanders Mines 600p (0/9)
Oil Search 75 6
Oversea Chinese Banking Corp 33.1/3 10.3/4
10.4/9
Pan Australian Mines 245

Packaway Engie Kuhlmann F 322.45 323.14
Philips Communications Industries D4880.0 (4/4)
Philips Electronics Corp 1300 3002 3020 3040
3087.4
Plymouth River Mining Co 124 134 132
136 137 138

Shipping No. of bargains included 204
Colonial Insurance Co. Ltd. "A" Ref.
Regal Hotels \$H3,725 3.8
Selaigor Properties \$S1,721 1.731 1.741 (8/9)
Singapore Land \$S8.05¢ 1.0 8 \$S8.134 8.159

SGK 21 - 40 (8987)
Pennacolor & Original Screen Inc 50% Cdn
Prod SGK - 5044 (78857)
5% (8987) 50% (8987) 50% (8987)
35% (8987) 50% (8987) 50% (8987)
Tumbull Soil Holdings PLC Non V.A.Ord 21
- 465 (7887)

Utilities No. of bargains included 72

American Information Techn. Corp of Canada
100% (8987) 100% (8987)
Barton Transport PLC Ord 1800 - 300

8.2 (90)
Line Explains: Com NPV 6450 600 240 750
700
Source: National Int. Financials Fr-366 7
Sacred Partner 52% (8987)
50% (8987) 50% (8987)
Southern Gold Mines Ltd. 11.25 (8987)
50% (8987) 50% (8987) 50% (8987)
Sun Hung Kai Ltd 142.4 (8987)
Sun Hung Kai Properties 50% (8987)
Swire Pacific 'B' 36 (179)
Taiwan Petroleum 300
Target Petroleum (SAG) 153.25 (256) (8987)
Tarvis Resources Inc (179)
Thermal Resources 100% (8987)

Bristol Channel Ship Repairers PLC Ord 10p
- 25 ½ 5 ¼ ¼ 7 7 ¼ ¼ ¼ ¼ ¼

Oceana Steel Supply Corporation 1776
 Village Main Reef Rd 97 395
 Pointon (Lands) 747 335 (94)
 Wakaia Mining 99
 Westfield Minerals 175
 Western Sands 108 91
 Wharf Holdings 705b (59)
 Wharf Industrial Holdings 341,233 (49)
 Zarek 340,225 0.228

RULE 53S (2)
 Applications granted for specific
 bargains in securities not listed on

US WEST, Inc. in Com Sct of NY-NJ - 853% (99-87)

Water Works
No. of bargains included 5

Best Water Works Co. 3.54 (Feb 5%) Cons
Prt \$3k - 5484

Chas. Webster Water Co. 1.025 (Apr 5%)
10% Red Prt \$3k 96/98 - 2770 (96)

East Anglian Water Co. 96/98 - 1394 (95a7)

East Anglian Water Co. 2.24 (Prm 4%) Cons
Prt \$3k - 434

East Water Co. 96/98 - 2382 (95a7)
7% Delb \$3k 97/98 - 232 (95a57)

BULL'S \$35 (3)
Dealings for approved companies
exchanged safely in mineral exploration

All England Lanes 1.015 Delb 53000s 1986-90
(1282) pdt £22,250 (1000 80%)

Am Street Brewery (L1) 725 (44%)

Barbican Hops (L1) 49 (40%)

Bell & Co. (2500) 100 (35.40%)

Berwick Rpt (Sp) 50 (60 80%)

Carrigan (L1) 10 (15 16 40%)

De Gruy (Abraham) (L1) 500 (44%)

De J. Leach (L1) 100 (40%)

114% Rad Deb Stk 2002/04 - 2103
(4Se87) Fredericks Place (20p) 100 5 (9/9)
Greensar Hotel (10p) 26 7 30 (7/9)
Guernsey Gas Light (E1) 375 (9/9)

[illegible]

Portsmouth Water Co 10% Red Deb Stk
1996 - E95 (4Sd87)

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WORLD MARKETS

FT-Actuaries World Indices

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Table with 10 columns: Country, US Dollar Index, Day's Change, Pound Sterling Index, Local Currency Index, Gross Div. Yield, US Dollar Index, Pound Sterling Index, Local Currency Index, 1987 High, 1987 Low, Year Ago (Approx).

Base values: Dec 31, 1986 = 100. Copyright, The Financial Times, Goldman, Sachs & Co., Wood Mackenzie & Co. Ltd. 1987. Latest prices were available for this edition.

EUROPEAN OPTIONS EXCHANGE

Table with 10 columns: Series, Vol, Last, Vol, Last, Vol, Last, Vol, Last, Stock.

BASE LENDING RATES

Table with 10 columns: Bank, %.

TRADING VOLUME IN MAJOR STOCKS

Table with 10 columns: Stock, Volume, Closing price, Day's change, Stock, Volume, Closing price, Day's change.

LEADERS AND LAGGARDS

Table with 2 columns: Industry, % change.

RISES AND FALLS

Table with 2 columns: Index, % change.

BANK RETURN

Table with 2 columns: Category, Amount.

FT-Actuaries World Indices

A 59-page booklet giving details of the index coverage and selection process, together with technical appendices, can be obtained free of charge by sending a (48p) stamped, addressed A4 size envelope to: Miss Lorraine Spang, Financial Times, Publicity Department, Bracken House, 10, Cannon Street, London EC4A 4BY.

Advertisement for Fifth Professional Personal Computer Conference, London, 27 & 28 October 1987.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Large table listing various unit trusts with columns for Name, Manager, Assets, and other details.

FT UNIT TRUST INFORMATION SERVICE[illegible]

Continued on next page

Manufacturers Life Insurance—Contd.

[illegible]

Overseas Equity Inv.	286.9	286.9
Overseas Equity Inv.	286.9	286.9
Property Inv.	150.4	150.4
Property Inv.	150.4	150.4
Fixed Interest Inv.	135.7	135.7
Fixed Interest Inv.	135.7	135.7
Fixed Interest Inv.	144.1	144.1
Fixed Interest Inv.	141.4	141.4
Deposits Inv.	158.8	158.8
Deposits Inv.	152.6	152.6

---	YMA Perforin	112.9
---	Prizma Porcillo Pd	118.9
---	Pastora Insurance	157.7
---	Jordine May Gth Fg	119.3
---	The Times Intl Fd	118.1
---	Growth Pte Svc	173.2
---	Minster Fund	212.8
---	MI Fls. Svc.	152.3

	Brazil	131
	Continuity Share	183
	European	226
	Latin America	192
	Pan Eastern	170
	Rural Interest	123
	Frontier Markets	179
	Globe	179

1	0.1	---	Gen. Pers.	_____
2	0.2	---	Property Pers.	_____
3	0.3	---	Family Pers.	_____
4	0.4	---	Indus-L. Pers.	_____
5	0.5	---	Gen. Pers.	_____
6	0.6	---	Lawrence Retirement	_____
7	0.7	---	Private goods	_____

569.7	+0.1	PERM Fixed
569.3	+0.2	1062 Green Wk
569.1	+0.2	Fixed Bond
568.9	+0.3	Fixed Pension Br
568.8	+0.1	Managed Bond
568.7		Managed Portfolio

Part Lb.				Partic Fd.
Part SAP		01-254	4070	Partic Int
5.5	294.4	+1.0		Blond Fd.
2.3	573.7	+0.4		Barryng
		+0.5		Kofmwart
122.6				Seal Inc: Sigs
103.1				

347.004	49.324	1.0	S-11
324.61	25.84	0.08	S-11
373.663	14.340	-0.163	7.23

(C) - Barrington Fd

3.1 Heller, Jerry	0534 78864	3.76	Engr
205	212nd		PO B
			Rover

M. London W3AN 7101		01-431 8778
Fd	133.0	
	132.9	
	129.6	

re Fd Mngt (Guernsey) Ltd
 Peter P. Guernsey 0461 710647
 Fd 199.3 9.2nd

Abbey Global Investment Fund
PO Box 252, St Helier, Jersey
Isle of Man IM1 1LW

[illegible]

David M. Aaron (Personal Fin. Plann.) Ltd.
Wilmington Hqs., Milton Bryan Webber 0525 21004
P. Aaron, Miami Beach, Fla. 2074 2084

— *Journal of the American Medical Association*, 1967, 202: 1031-1032.

Journal of Interpersonal Violence 26(10)

LONDON SHARE SERVICE

BRITISH FUNDS

BRITISH FUNDS—Contd

FOREIGN BONDS & RAILS

1987	Stock	Price	+/-	Yield	Int. Ret.	1987	Stock	Price	+/-	Yield	Int. Ret.	1987	Stock	Price	+/-	Yield	Int. Ret.
2012	100% 1987-1992	100.00		7.80	9.24	1000	100% 1987-1992	100.00		7.80	9.24	1000	100% 1987-1992	100.00		7.80	9.24
2013	100% 1987-1993	100.00		7.80	9.24	1000	100% 1987-1993	100.00		7.80	9.24	1000	100% 1987-1993	100.00		7.80	9.24
2014	100% 1987-1994	100.00		7.80	9.24	1000	100% 1987-1994	100.00		7.80	9.24	1000	100% 1987-1994	100.00		7.80	9.24
2015	100% 1987-1995	100.00		7.80	9.24	1000	100% 1987-1995	100.00		7.80	9.24	1000	100% 1987-1995	100.00		7.80	9.24
2016	100% 1987-1996	100.00		7.80	9.24	1000	100% 1987-1996	100.00		7.80	9.24	1000	100% 1987-1996	100.00		7.80	9.24
2017	100% 1987-1997	100.00		7.80	9.24	1000	100% 1987-1997	100.00		7.80	9.24	1000	100% 1987-1997	100.00		7.80	9.24
2018	100% 1987-1998	100.00		7.80	9.24	1000	100% 1987-1998	100.00		7.80	9.24	1000	100% 1987-1998	100.00		7.80	9.24
2019	100% 1987-1999	100.00		7.80	9.24	1000	100% 1987-1999	100.00		7.80	9.24	1000	100% 1987-1999	100.00		7.80	9.24
2020	100% 1987-2000	100.00		7.80	9.24	1000	100% 1987-2000	100.00		7.80	9.24	1000	100% 1987-2000	100.00		7.80	9.24
2021	100% 1987-2001	100.00		7.80	9.24	1000	100% 1987-2001	100.00		7.80	9.24	1000	100% 1987-2001	100.00		7.80	9.24
2022	100% 1987-2002	100.00		7.80	9.24	1000	100% 1987-2002	100.00		7.80	9.24	1000	100% 1987-2002	100.00		7.80	9.24

Prospective real redemption rate on projected inflation of 10% and 12%
% of 100% in parentheses show 10% rise in value for interest in 10 months
% of 100% in parentheses show 10% rise in value for interest in 10 months
% of 100% in parentheses show 10% rise in value for interest in 10 months

INT. BANK AND O'SEAS

GOVT STERLING ISSUES

1987	Stock	Price	+/-	Yield	Int. Ret.	1987	Stock	Price	+/-	Yield	Int. Ret.
1000	100% 1987-1992	100.00		7.80	9.24	1000	100% 1987-1992	100.00		7.80	9.24
1000	100% 1987-1993	100.00		7.80	9.24	1000	100% 1987-1993	100.00		7.80	9.24
1000	100% 1987-1994	100.00		7.80	9.24	1000	100% 1987-1994	100.00		7.80	9.24
1000	100% 1987-1995	100.00		7.80	9.24	1000	100% 1987-1995	100.00		7.80	9.24
1000	100% 1987-1996	100.00		7.80	9.24	1000	100% 1987-1996	100.00		7.80	9.24
1000	100% 1987-1997	100.00		7.80	9.24	1000	100% 1987-1997	100.00		7.80	9.24
1000	100% 1987-1998	100.00		7.80	9.24	1000	100% 1987-1998	100.00		7.80	9.24
1000	100% 1987-1999	100.00		7.80	9.24	1000	100% 1987-1999	100.00		7.80	9.24
1000	100% 1987-2000	100.00		7.80	9.24	1000	100% 1987-2000	100.00		7.80	9.24
1000	100% 1987-2001	100.00		7.80	9.24	1000	100% 1987-2001	100.00		7.80	9.24
1000	100% 1987-2002	100.00		7.80	9.24	1000	100% 1987-2002	100.00		7.80	9.24

CORPORATION LOANS

1987	Stock	Price	+/-	Yield	Int. Ret.	1987	Stock	Price	+/-	Yield	Int. Ret.
1000	100% 1987-1992	100.00		7.80	9.24	1000	100% 1987-1992	100.00		7.80	9.24
1000	100% 1987-1993	100.00		7.80	9.24	1000	100% 1987-1993	100.00		7.80	9.24
1000	100% 1987-1994	100.00		7.80	9.24	1000	100% 1987-1994	100.00		7.80	9.24
1000	100% 1987-1995	100.00		7.80	9.24	1000	100% 1987-1995	100.00		7.80	9.24
1000	100% 1987-1996	100.00		7.80	9.24	1000	100% 1987-1996	100.00		7.80	9.24
1000	100% 1987-1997	100.00		7.80	9.24	1000	100% 1987-1997	100.00		7.80	9.24
1000	100% 1987-1998	100.00		7.80	9.24	1000	100% 1987-1998	100.00		7.80	9.24
1000	100% 1987-1999	100.00		7.80	9.24	1000	100% 1987-1999	100.00		7.80	9.24
1000	100% 1987-2000	100.00		7.80	9.24	1000	100% 1987-2000	100.00		7.80	9.24
1000	100% 1987-2001	100.00		7.80	9.24	1000	100% 1987-2001	100.00		7.80	9.24
1000	100% 1987-2002	100.00		7.80	9.24	1000	100% 1987-2002	100.00		7.80	9.24

COMMONWEALTH & AFRICAN LOANS

1987	Stock	Price	+/-	Yield	Int. Ret.	1987	Stock	Price	+/-	Yield	Int. Ret.
1000	100% 1987-1992	100.00		7.80	9.24	1000	100% 1987-1992	100.00		7.80	9.24
1000	100% 1987-1993	100.00		7.80	9.24	1000	100% 1987-1993	100.00		7.80	9.24
1000	100% 1987-1994	100.00		7.80	9.24	1000	100% 1987-1994	100.00		7.80	9.24
1000	100% 1987-1995	100.00		7.80	9.24	1000	100% 1987-1995	100.00		7.80	9.24
1000	100% 1987-1996	100.00		7.80	9.24	1000	100% 1987-1996	100.00		7.80	9.24
1000	100% 1987-1997	100.00		7.80	9.24	1000	100% 1987-1997	100.00		7.80	9.24
1000	100% 1987-1998	100.00		7.80	9.24	1000	100% 1987-1998	100.00		7.80	9.24
1000	100% 1987-1999	100.00		7.80	9.24	1000	100% 1987-1999	100.00		7.80	9.24
1000	100% 1987-2000	100.00		7.80	9.24	1000	100% 1987-2000	100.00		7.80	9.24
1000	100% 1987-2001	100.00		7.80	9.24	1000	100% 1987-2001	100.00		7.80	9.24
1000	100% 1987-2002	100.00		7.80	9.24	1000	100% 1987-2002	100.00		7.80	9.24

LOANS

1987	Stock	Price	+/-	Yield	Int. Ret.	1987	Stock	Price	+/-	Yield	Int. Ret.
1000	100% 1987-1992	100.00		7.80	9.24	1000	100% 1987-1992	100.00		7.80	9.24
1000	100% 1987-1993	100.00		7.80	9.24	1000	100% 1987-1993	100.00		7.80	9.24
1000	100% 1987-1994	100.00		7.80	9.24	1000	100% 1987-1994	100.00		7.80	9.24
1000	100% 1987-1995	100.00		7.80	9.24	1000	100% 1987-1995	100.00		7.80	9.24
1000	100% 1987-1996	100.00		7.80	9.24	1000	100% 1987-1996	100.00		7.80	9.24
1000	100% 1987-1997	100.00		7.80	9.24	1000	100% 1987-1997	100.00		7.80	9.24
1000	100% 1987-1998	100.00		7.80	9.24	1000	100% 1987-1998	100.00		7.80	9.24
1000	100% 1987-1999	100.00		7.80	9.24	1000	100% 1987-1999	100.00		7.80	9.24
1000	100% 1987-2000	100.00		7.80	9.24	1000	100% 1987-2000	100.00		7.80	9.24
1000	100% 1987-2001	100.00		7.80	9.24	1000	100% 1987-2001	100.00		7.80	9.24
1000	100% 1987-2002	100.00		7.80	9.24	1000	100% 1987-2002	100.00		7.80	9.24

Public Board and Ind.

1987	Stock	Price	+/-	Yield	Int. Ret.	1987	Stock	Price	+/-	Yield	Int. Ret.
1000	100% 1987-1992	100.00		7.80	9.24	1000	100% 1987-1992	100.00		7.80	9.24
1000	100% 1987-1993	100.00		7.80	9.24	1000	100% 1987-1993	100.00		7.80	9.24
1000	100% 1987-1994	100.00		7.80	9.24	1000	100% 1987-1994	100.00		7.80	9.24
1000	100% 1987-1995	100.00		7.80	9.24	1000	100% 1987-1995	100.00		7.80	9.24
1000	100% 1987-1996	100.00		7.80	9.24	1000	100% 1987-1996	100.00		7.80	9.24
1000	100% 1987-1997	100.00		7.80	9.24	1000	100% 1987-1997	100.00		7.80	9.24
1000	100% 1987-1998	100.00		7.80	9.24	1000	100% 1987-1998	100.00		7.80	9.24
1000	100% 1987-1999	100.00		7.80	9.24	1000	100% 1987-1999	100.00		7.80	9.24
1000	100% 1987-2000	100.00		7.80	9.24	1000	100% 1987-2000	100.00		7.80	9.24
1000	100% 1987-2001	100.00		7.80	9.24	1000	100% 1987-2001	100.00		7.80	9.24
1000	100% 1987-2002	100.00		7.80	9.24	1000	100% 1987-2002	100.00		7.80	9.24

Continued on next page

2012	100% 1987-1992	100.00		7.80	9.24	1000	100% 1987-1992	100.00		7.80	9.24	1000	100% 1987-1992	100.00		7.80	9.24
2013	100% 1987-1993	100.00		7.80	9.24	1000	100% 1987-1993	100.00		7.80	9.24	1000	100% 1987-1993	100.00		7.80	9.24
2014	100% 1987-1994	100.00		7.80	9.24	1000	100% 1987-1994	100.00		7.80	9.24	1000	100% 1987-1994	100.00		7.80	9.24
2015	100% 1987-1995	100.00		7.80	9.24	1000	100% 1987-1995	100.00		7.80	9.24	1000	100% 1987-1995	100.00		7.80	9.24
2016	100% 1987-1996	100.00		7.80	9.24	1000	100% 1987-1996	100.00		7.80	9.24	1000	100% 1987-1996	100.00		7.80	9.24
2017	100% 1987-1997	100.00		7.80	9.24	1000	100% 1987-1997	100.00		7.80	9.24	1000	100% 1987-1997	100.00		7.80	9.24
2018	100% 1987-1998	100.00		7.80	9.24	1000	100% 1987-1998	100.00		7.80	9.24	1000	100% 1987-1998	100.00		7.80	9.24
2019	100% 1987-1999	100.00		7.80	9.24	1000	100% 1987-1999	100.00		7.80	9.24	1000	100% 1987-1999	100.00		7.80	9.24
2020	100% 1987-2000	100.00		7.80	9.24	1000	100% 1987-2000	100.00		7.80	9.24	1000	100% 1987-2000	100.00		7.80	9.24
2021	100% 1987-2001	100.00		7.80	9.24	1000	100% 1987-2001	100.00		7.80	9.24	1000	100% 1987-2001	100.00		7.80	9.24
2022	100% 1987-2002	100.00		7.80	9.24	1000	100% 1987-2002	100.00		7.80	9.24	1000	100% 1987-2002	100.00		7.80	9.24

Prices on Sept. 9, 1987 on any Sept. 10

AMERICANS—Continued

BUILDING, TIMBER,

DRAPERY AND STORES—Cont.

ENGINEERING—Continued

INDUSTRIALS—Continued

1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100
1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100

CANADIANS

Miller (Stan) Top	125	0	125	1
Moulton (L)	502	+3	16.0	2
Newirthill (L)	512	---	12.5	3

83	46	AMS Index 5p	58	-2	1.5	3.3	3.5	11
74	43	4-Acorn Comput 10p	52	-1	-	-	-	0
82	147	Admiral Computer Ex	147	-	-2.7	2.6	2.1	7.0

583	Chesoring Group 5p	795	116.5	23	24
114	De.Cov. Rd. P1 5p	164	60	-	5

28	Assoc. Energy Sp.	58	+2			
220	Nutra AH 8 54.12 ₂	524	-1	015%	•	1

104	McLayborn Group Sp	183	-3	5.2	4	1.4
45	Medical Research	461	2	5.75	3.0	3.1
102	Metal Box	251				

BANKS, HP & LEASING

Anchor Chemical	465	5.0	3
Astra Holdings Sp	63	+3	0.87

50	35	DOBE Technology 10p	38	2	1	1	26
195	133	DOT Group 5p	136	2	1	2	

28 1/2	Da. 4 Sp.	40 1/2	1 1/2	19	12	4
37 1/2	ML HMs 5p	210		19	39	1
67	SBS Intert 10a	167	-3	20	23	2

143	Park Boulevard	190	-5	8.8	1.1	6
145	Brit Fittngs 20p	290	+5	5.0	3.0	2
50	28-28 in 4' x 10' 10p	100	+1	12.0	3.3	2

612	Platigrama Sp	23	+3	8	-	-
170	Platigrama Sp	193	-3	339	3.2	2.4
170	Platigrama Sp	203		82.0	2.4	1.4

BEERS, WINES & SPIRITS

Body Shop Int 5p	775	20	151 9 6
Bolton Text. 5p	86		
Brown	112	2	20 8 0

92	20	Motors 20p	21	+1	11	11	11	11
93	88	Motors 20p	147	+6	15	43	14	22
94	67	Motors 53	148	+1	16	10	10	10

258	Organ 10p	23	12	22
50	88ers Crisp 10p	100	+2	-
241	Perisiani (S. & W.)	350	1120	16

1/2	Electro 10p	240	-3	65	2.0	3
1/4	Electro 10p	240	-3	65	2.0	3
2/2	Electro 10p	240	-3	65	2.0	3

291	Stockdale	571	120	32	4.4
68	Stovall Hld	888	48	—	—
100	Stovall Hld	388	120	—	—

BUILDING, TIMBER, ROAD

4-Ge (Circ) 10p	97	-1	0.0
4-Ge-Rosen Sp	88	41.65

56	195	Powerful 10p	250	14.5	13	26	13
321	184	Racial Electronics	296	3.3	3.1	1.5	26
345	200	Do-It-Yourself 2000-14	5135	76	21	5.1	

225	Jacob (W.&R.)	438	039.4%	2.1
630	Kraft Inc. \$1.00	\$341.14	051.88	3.1

294	Granada	336	+5	78.52	2.3	3
152	4Gt. Southern 10p	900	+2	WL5.2	2.2	2
160	Common (E) 1 & Post Fr	370	+30	13.8	3.0	2

111	United Packaging 10p	282	1.1	413.25	3.8	2.2
129	Winstan Exp. 20p	283				

145	Wade Photo. 116	284	146	147	148	149	150	151	152	153	154	155	156	157	158	159	160	161	162	163	164	165	166	167	168	169	170	171	172	173	174	175	176	177	178	179	180	181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200	201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220	221	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237	238	239	240	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	258	259	260	261	262	263	264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280	281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300	301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360	361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400	401	402	403	404	405	406	407	408	409	410	411	412	413	414	415	416	417	418	419	420	421	422	423	424	425	426	427	428	429	430	431	432	433	434	435	436	437	438	439	440	441	442	443	444	445	446	447	448	449	450	451	452	453	454	455	456	457	458	459	460	461	462	463	464	465	466	467	468	469	470	471	472	473	474	475	476	477	478	479	480	481	482	483	484	485	486	487	488	489	490	491	492	493	494	495	496	497	498	499	500	501	502	503	504	505	506	507	508	509	510	511	512	513	514	515	516	517	518	519	520	521	522	523	524	525	526	527	528	529	530	531	532	533	534	535	536	537	538	539	540	541	542	543	544	545	546	547	548	549	550	551	552	553	554	555	556	557	558	559	560	561	562	563	564	565	566	567	568	569	570	571	572	573	574	575	576	577	578	579	580	581	582	583	584	585	586	587	588	589	590	591	592	593	594	595	596	597	598	599	600	601	602	603	604	605	606	607	608	609	610	611	612	613	614	615	616	617	618	619	620	621	622	623	624	625	626	627	628	629	630	631	632	633	634	635	636	637	638	639	640	641	642	643	644	645	646	647	648	649	650	651	652	
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HOTELS AND CATERERS

43	Washburn 2nd St. Sp.	267	-2	1.3	0.6	2.2
45	Prichard Heights 10p	78		1.2	0.4	1.8
139	Greenwalds Rent. 10p	335		0.5	0.7	0.7
158	Great Westport. 50p	337	+3	110.29	2.9	2.1
244	Williamson Lakeside	83		0.0	1.1	1.1
130	High Enterprises 20p	546		0.224	0.4	0.4
225	Wendy Broken 10p	417	-2	1.5	1.24	0.7
25	Lakeland 10p	452	+3	161.29	2.0	3.0
94	St. Charlotte 10p	350	-3	1.3	1.6	1.6
256	Northgate Capital 5p	350	-3	1.2	1.3	1.3
130	Westview 10p	350	-3	1.2	1.3	1.3
45	Green Mount 5p	384	+14	1.0	2.4	2.4
130	Dr. Jock's P.E.I.	200	-1	7	7	7
28	Ryan Heights Is 5p	45	+1	408.15	1.6	1.6
376	Spartan "A" 10p	682	+7	0.0	7.0	7.0
78	Palms 10p	125	-2	17.4	3.0	3.0
179	Westview Forte	252	+2	16.0	1.9	1.9

INDUSTRIALS (Miscel.)

59	AAF Inv. 71p	943	1.28	19.3	4.7	1.1
270	AAH	410		9.0	2.6	3.0
616	AGA AB K25	221		10.8	2.2	2.2
163	AGB Research 10p	252		7.5	0	4.1

INSURANCES 136 28 31

Line	Ship	Price	Net	Gr	WT
121	Alley Life	361	81	11	27
122	Alley Life	361	81	11	27
123	Alley Life	361	81	11	27
124	Alley Life	361	81	11	27
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199	Alley Life	361	81	11	27
200	Alley Life	361	81	11	27

OIL AND GAS—Continued

PAPER, PRINTING—Continued**FINANCE, LAND—Cont**

OIL AND GAS—Continued

MINES—Continued

1987		Stock	Price	±	Stk	Yr	%
Low		Winds Pacific NL	38	-1			
26		Windsong 62 ZC	38				
28		WYN 30	9				
30		Wagon Mining 25c	164				
31		Wagon Trail	164				
33		Walla Walla 15c	6	+2			
34		Walla Walla 15c	6	-2			
35		Walla Walla 15c	6		0.2	2.0	2.0
36		Walla Walla 15c	6				
37		Walla Walla 15c	6				
38		Walla Walla 15c	6				
39		Walla Walla 15c	6				
40		Walla Walla 15c	6				
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98		Walla Walla 15c	6				
99		Walla Walla 15c	6				
100		Walla Walla 15c	6				

PROPERTY**TOBACCOS**

TRUSTS.

OVERSEAS TRADER

PLANTATIONS

MIN

59 1/4	ELI 3 1/4	Do. 9-2000	226 3/4	+3	(
99 1/4	11	WThorco Res. Inc.	35 1/4	+1	

[illegible]

REGIONAL & IRISH STOCKS

Category	Value	Change	Category	Value	Change
Gen. Inv. 20p	96		Fin. 13% 97/02	5305	
Govt. Bonds	713	+13	Armots	400	
Corp. Bonds	116	-2	CPI Heds	89	
Corp. Bonds	116	-2	Carroll Inds.	190	+1
Corp. Bonds	116	-2	Dublin Gas	484	
Corp. Bonds	116	-2	Hair (R. & J.)	135	-2
Corp. Bonds	116	-2	Hendon Hops	56m	+1
Corp. Bonds	116	-2	Irish Ropes	205	

TRADITIONAL OPTIONS

3-month call rates

Austrials	40	NEI	11
Indef-Lyons	47	Indef-Lyons	65
Indef-Mistrad	49	P & O Div	17
Indef-NEC	62	Plassey	28
Indef-RC	68	Poly Peck	34
Indef-S&P	17	Royal Bank	35
Indef-T&A	20	RHM	38
Indef-T&B	22	Rank Org Ord	70
Indef-T&C	23	Reed Int	59
Indef-T&D	24	SEC	30
Indef-T&E	25	SEC	30
Indef-T&F	26	Secur	14
Indef-T&G	27	Secur	14
Indef-T&H	28	Secur	14
Indef-T&I	29	Secur	14
Indef-T&J	30	Secur	14
Indef-T&K	31	Secur	14
Indef-T&L	32	Secur	14
Indef-T&M	33	Secur	14
Indef-T&N	34	Secur	14
Indef-T&O	35	Secur	14
Indef-T&P	36	Secur	14
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Indef-T&Z	46	Secur	14
Indef-T&AA	47	Secur	14
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Indef-T&AD	50	Secur	14
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Indef-T&BV	94	Secur	14
Indef-T&BW	95	Secur	14
Indef-T&BX	96	Secur	14
Indef-T&BY	97	Secur	14
Indef-T&BZ	98	Secur	14
Indef-T&CA	99	Secur	14
Indef-T&CB	100	Secur	14

A selection of Options traded is given on the

WEEKEND FT

September 12/13 1987

MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV

The importance of being Catholic

The Irish Republic is rigid in its stand on social issues. Hugh Carnegie reports on moves and counter-moves for change

PRIEST-RIDDEN, Rome-ruled, a Catholic state for a Catholic people. Northern Ireland Protestants have never found it difficult to mount the charge of religious intolerance against their neighbours in the Irish Republic which for so many of them lies at the heart of their objection to Irish unity.

It has been more than just a question of rival bigotry. The social structures of the Republic have led many people outside the ranks of extremist puritan Protestantism to criticise the rigidities of its society.

Dr Garret FitzGerald, former Prime Minister of the Republic, whose mother was from the North, made the need to pluralise society in the south a central theme of his political commitment. In 1978 he said: "I was a Northern Protestant — and I'm half a Northern Protestant — I wouldn't be happy about unification with people who haven't shown themselves to be open-minded. We need to shake people here out of their loyalty to the State to a wider loyalty to the Irish nation. This is to partitionist a state that Northern Protestants would be bloody fools to join it."

For a Prime Minister of the Republic to suggest that his own people are narrow-minded, partitionist and hostile to the Irish nation might seem odd; these labels attach more readily to the likes of the Rev Ian Paisley and his raucous flock in the north. But the thinking of FitzGerald and like-minded Irish people is that after partition in the early 1920s the independent south evolved away from the original tenets of Irish republicanism. Instead of a radical, pluralist state in which "Catholic, Protestant and Dissenter" would thrive together (and it should be remembered, an ideal for which many northern Protestants have shown any enthusiasm), it became a deeply conservative state, dominated above all by the Roman Catholic Church to which almost all its citizens belonged.

The 1981 census showed that 95 per cent of the population professed to be Roman Catholic. Protestants have made much of the fact that since the census of 1911, the last before independence, the non-Catholic proportion of the population has fallen from 10.4 per cent to 5 per cent. A good deal of the shift took place in the years surrounding the break with Britain, but undoubtedly the fall in non-Catholic numbers since independence is attributable to, for example, Catholic refusal to recognise mixed marriages.

In 1987, the Republic is certainly unmistakably Catholic, unmistakably conservative and unmistakably rigid in its stand on social issues long since liberalised in most other European countries. Only just over a year ago, FitzGerald's attempts to legitimise divorce were defeated heavily in a referendum. In 1983, the country has been convulsed by a previous referendum on abortion. Abortion was already illegal, but anti-abortion activists pushed through a proposal to enshrine this position in the constitution. As a result, women's centres were forced by the Supreme Court to stop giving advice on abortion services in Britain. On both divorce and abortion the Church was vociferous in its opposition to liberal reform.

Non-medical contraceptives finally were legalised during FitzGerald's Government, but they are still available only from registered pharmacists. This year, police stepped in to stop some nightclubs placing condom machines in their washrooms. Censorship is quite widespread, with Playboy-type magazines kept off newsagents' shelves.

And yet, it would be a mistake to portray the Republic simply as a Church-dominated monolith. True, both primary and secondary education are run principally by the Church. But things have changed — and are continuing to change. The question is: How fast and how far?

Bishop Joseph Duffy presides, from his imposing cathedral atop a hill outside Monaghan Town, over the diocese of Clogher, which straddles both sides of the border. He is not keen on the view, expressed by FitzGerald, that the Republic must become more pluralist. But he readily acknowledges that people "take their faith in their stride now."

He says: "We have a largely young, more flexible open society. Therefore, the old moulds are not as tight and unbreakable as they used to be. But you must always balance that against Ireland as an island much more conservative than the rest of Europe. We are always a bit behind around that politicians canvass the views of the

'Powerful lay lobby'

clergy and bishops about social legislation and other matters. That was possibly so 50 years ago, but it is certainly not so now."

Evidence of social changes is probably most apparent among the young who make up a large part of Irish society. The average age of the population is 29, against the European average of 34. On the face of it, Irish youngsters behave little differently from their peers elsewhere in western Europe. They dress similarly, watch the same television programmes and films, and listen to the same music — especially US. The Dublin group which has had worldwide success in recent years.

Sex is hardly a taboo subject any longer, and if contraceptives are somewhat more difficult to obtain in the Irish Republic than in other countries they are, nowadays, relatively easy to come by. An opinion poll of 15-24-year-



Paula di Paolo

olds, published recently in the Sunday Independent, showed that 48 per cent felt they were more sexually promiscuous than Irish youth in the 1960s. Only 8 per cent felt the opposite. The biggest restraint on sex among the latter was said to be the threat of AIDS, not Church strictures.

The poll did find that 76 per cent regarded religion as at least "fairly important," and 68 per cent went to church once a week. But that figure is significantly lower than for the population as a whole — and only on the abortion issue did more youngsters agree with Church teaching than disagree. More disagreed than agreed with the Church on divorce, sex outside marriage, and contraception. The birth rate has fallen from more than 70,000 a year to about 60,000, reflecting not only economic recession, but an increased use of contraception.

Significantly, too, the 1981 census showed that the number of people reporting no religious affiliation had risen by five times — to 40,000 — since 1971. Most of these were under 24, and 86 per cent were under 45.

Bernie Quinn is a recently-married young primary school teacher in Roscrea, a town in County Tipperary. She is a practising Catholic who feels she would be missing something important in her week if she did not attend mass. She thinks the influence of the Church has declined. "Most young people don't believe in confession. When it comes down to everyday living, people make up their own minds about what they will

do. If you don't want to go to mass you don't have to."

"The Catholic Church is bending. You watch any TV interview: even the priests themselves have differing views. It's come to the stage that things are out in the open, and that's a good thing."

She says the atmosphere is freer in Dublin, where nearly one-third of the Republic's population lives, than in rural areas, mainly because the size of the city means that details of people's personal lives are not so noticeable. Dublin is where many aspects of life in the Republic are writ large. Unemployment, running at more than 19 per cent of the workforce across the country as a whole, is chronic. Housing conditions in many areas are wretched. Social problems are rife, with drugs abuse particularly bad.

The Church, both directly and indirectly, is deeply involved in welfare work to alleviate these. One of the principal Catholic charities is the St Vincent de Paul Society, the northeast Dublin branch of which is headed by Maura Mulhall. In 15 years of working for the society, she says, she has never encountered so many people living on or below the poverty line. Her area includes some of the most wretched housing estates in the capital where unemployment can run as high as 70 per cent.

She is worried about the hopelessness, especially among the young, who see no future for themselves and reject established institutions. "Up to now the women—the mothers of Ireland—held things together. They were

very religious. But will that continue? The younger generation are not as attached to the Church. They don't see that the Church has any relevance for them."

While nobody disputes that things have altered, it is equally true, as the results of the divorce and abortion referenda showed, that there are many

'Community integrity'

Irish people who are disturbed by the changes and want them curbed. There is a powerful lay lobby behind—indeed, sometimes leading—the Church, arguing strongly that the Republic's preservation of religious values sets it apart from the rest of Europe, and from the UK, in a wholly desirable way. This view, espoused by many prominent politicians and professional people, holds that where other countries have slid into moral and social confusion—some might say decay—by liberalising regimes covering such matters as abortion, birth control, divorce and pornography, Ireland has maintained its essential, family-based, community integrity.

It is noticeable in conversation with Bernie Quinn and Maura Mulhall that while they welcome the removal of many of the old rigidities, they remain personally committed to a Catholic way of life. Mulhall said candidly that

although she felt a breakdown in religiously segregated education was desirable in theory, especially in Northern Ireland where it has reinforced community divisions, she wanted a Catholic education for her children. However, she admits to a hypocrisy in the Republic. Abortion is banned but most citizens turn a blind eye to thousands of young women annually making anguished, clandestine trips across the Irish Sea to British clinics. And there was the Kerry Babies case. In 1984, when an enquiry showed that police had extracted a false confession from Joanne Hayes, an unmarried mother, to the murder of a baby.

The man who voices the most biting critique of the role played by the Catholic Church since independence is Dr Noel Browne, a former health minister and long-time member of the Dail, the lower house of Parliament. He lives in retirement with his wife in a small cottage close to the wild shores of Connemara, on the Atlantic coast.

Browne gained much of his popularity when, as Minister of Health between 1947 and 1951, he oversaw a huge programme of hospital building—and the eradication of tuberculosis. TB, rampant in Ireland at the time, has claimed the lives of his father, several other members of his immediate family and nearly himself. Eventually he resigned after incurring the wrath of the Church, and the country's doctors, over his attempts to introduce a Mother and Child Health scheme, intended to establish free state pre- and post-natal care.

He never returned to government and spent the rest of his years in Parliament as a recalcitrant figure on the back benches. He is withering about the way the political system has developed in the Republic. The two main parties, Fianna Fail and Fine Gael, both conservative groups, fight their battles on "the old tribal lines" of the civil war of the early 1920s, which followed Irish independence.

"There is a curious anomaly in Ireland. They keep telling us we fought the war to get freedom from Britain. Yet here we are at the moment waiting for someone in Rome—in the Vatican, a Polish gentleman—to tell us who is to be the next Archbishop of Dublin. We're the last advanced West European country prepared to take dictation from outside the state on important matters of policy."

Many observers thought that the most remarkable feature of the Irish referendum on divorce was that nearly 40 per cent of those who voted were prepared to defy the Church line in favour of the proposal. Such a figure would have been unthinkable 15 or 20 years ago. The implication is that, in time, such reforms will inevitably come to pass.

As Bishop Duffy said, the Church itself has had to adapt. Before both the divorce and the abortion votes, the hierarchy declared that voters had a right to decide according to conscience.

"We are on a loser if we take a view of the Church as a fortress on the defensive. The new image of the Church is of keeping a lamp lit and bringing a light to others. That means integrating what is best in modern society."

For his part, Dr Noel Browne is encouraged that non-Church views have penetrated even the most conservative rural communities; yet he is not convinced a "secular, pluralist, radical" Republic is any nearer. "You've got the evolution of a younger generation who are not as frightened of hell fire. But where it's going to lead, I can't say."

The Long View

Bond markets pose an enigma

LET'S HOPE the international bond markets do not know something of which the rest of us are blissfully ignorant. Most of the important fixed interest markets have been plunging this year; the equity markets have generally regained their nerve, to recover to somewhere within spitting distance of their early summer highs.

Bond markets tend to be closer to the monetary pulse, where equity markets are also quite powerfully influenced by the real economy. If the profits trends look good, and there are plenty of exciting deals around, equities can defy gravity for quite a while.

So, on the basis that changes in monetary conditions tend to lead the ups and downs of the real economy, the bond markets could have a worrying message. This could be offset, however, to the extent that the bond market-makers are hooked into an increasingly frenetic scene which leads the markets to chase enthusiastically up blind alleys.

Long-term bonds, you will be aware, are simply the ones which fluctuate most wildly on a short-term view.

Once upon a time, of course, bonds used to be safe investments for the ultra-cautious investor. The Victorian vicar would keep his savings in Consols. In the 1980s, the main focus of the stock market reports was on War Loans.

In Britain, however, this approach has been turned on its head since the 1950s. The modern pension fund manager regards blue chip equities as his long-term core holdings; stock edges are there only to be turned over speculatively ahead of economic news announcements or traded according to complex mathematical analysis to exploit minute market anomalies.

Even within the past 10 years the Japanese Government bond

Because they tend to be closer to the monetary pulse they could have a worrying message, says Barry Riley. On the other hand, they could be leading everyone up blind alleys.



market was a sleepy place: it was a significant event if the yield changed enough in a week to alter the figure after the decimal point.

These days it is remarkably different, with corporate treasurers from the likes of Obayashi Chemical companies punting heavily — and occasionally disastrously. The yield on ten-year bonds has varied between 2.8 and 5.3 per cent this year. Zaitch, or

financial engineering, has replaced high-tech as the main profit centre of many Japanese industrial companies. Internationalisation, with its inherent instabilities, has come to dominate even the once insulated Tokyo markets.

In a national bond market, speculation is based mainly on shifts in the interest rate structure between long and short dates. But a multicurrency fund, embracing a range of

different country markets, has a whole new dimension of potential activity, and the action need hardly ever slow down.

So, bond market traders feed off international capital imbalances and associated movements in exchange rates and interest rates. During the second quarter of this year the picture was muddled. During the third quarter the trends have become more clearly established. Interest rates are going up, and the dollar is going down.

It seems that rates are rising partly because of a pickup in the world economy. This could be regarded as somewhat strange; many forecasts put world economy growth as rather lower in 1987 than in 1986. But the US had a reasonably strong first half, at least, and several leading economies, including Japan, the UK and Italy, are expanding faster than last year.

The rise in commodity prices has also suggested that there is some strength in the global economy, though there has now been some reaction from the commodity price peaks of last month.

Bond investors are negative folk, because economic prosperity tends to make them very jumpy. They dream of permanent economic stagnation, although perhaps not of a slump so severe that desperate fiscal and monetary measures might be taken to counter it.

Economic strength poses two dangers for them. One is that a rising demand for capital from confident consumers and corporations alike will push up interest rates and will therefore cause bond prices to fall (although returns will rise on new investment). This is a short-term effect, however, and should be fully reversed in any subsequent economic recession. The second—and more deadly—danger is of inflation. If there is pressure on resources, or governments take monetary

risks, inflation will rise; and history shows that what bond investors lose through inflation they never regain.

In fact, there are some signs of rising inflation throughout most of the industrial world, although part of the rise, is because of temporary factors such as the increase this year of the exceptional price fall which benefited inflation rates in 1986.

In Europe, there are indications that the emphasis of economic policy may have shifted slightly from the containment of inflation to a more active attack on the unemployment problem.

And the constantly growing numbers of creditors of the United States are aware that the US, having taken care to keep its own currency rather than someone else's, always has the option to inflate its way out of its liabilities—although Alan Greenspan, the new chairman of the Fed, clearly has no intention of following this route, having opened his account with a hike in interest rates.

All the same, the US deficit is sucking in large volumes of capital, thus serving to keep interest rates high around the world. The world's banks are also greedy for new capital to replace resources written off through bad debts.

For the time being, the bond markets appear to be taking most of the strain. Perhaps a higher level of interest rates will attract enough new money to cope with the capital demands, and to help the markets get over their worries about inflation.

But if the problems prove enduring—and economists are now starting to project that the US deficit will begin to rise again, rather than fade away—the impact will become more obvious in the real economy.

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• MARKETS •

BRITISH TELECOM

Pence

Share price

Share price relative to FT-Actuaries all share index

Year	Share price (Pence)	Share price relative to FT-Actuaries all share index
1984	170	170
1985	240	180
1986	200	140
1987	280	140

TAKE-OVER BIDS AND MERGERS

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital n
already held. ¶ Unconditional. ** Based on 2:30 pm prices 11/3/87. ††
suspension. §§ Shares and cash. ¶¶ Related to NAV to be determine
||| I own stock. || Suspended.

PRELIMINARY RESULTS

1. *Chlorophyll a* (Chl *a*)

Results due next week

United Biscuits' interim results, due on Wednesday, are expected to show pre-tax profits of around £56m, up from £47.6m in last year's first half. Three factors have helped—strong volume growth across the board; the modest cost of raw materials such as flour, edible oils and especially cocoa; and increased "grazing"—eating on the hoof—which has

INTERIM DIVIDENDS

Monday	—	2.3
Wednesday	0.8	1.7
Thursday†	1.2	—
Thursday	6.0	8.4
Wednesday	1.8	4.5
Wednesday	—	0.7
Monday	—	1.0
Friday	1.6	4.0
Monday	1.0	3.0

Wednesday	1.5	4.8
Tuesday	1.5	4.9
Thursday	2.6	3.9
Monday	1.2	2.2
Wednesday	6.0	8.0
Wednesday	2.0	5.0
Wednesday	2.2	5.0
Tuesday	3.0	5.0
Monday	—	—
Thursday	2.5	5.2
Wednesday	3.8	5.7
Monday	2.0	5.5

Monday	—	—
Monday	4.4	14.6
Tuesday	—	—
Thursday	—	—
Tuesday	1.3	2.0
Thursday	1.0	3.0
Thursday	2.2	2.1
Tuesday	4.0	6.0
Wednesday	1.7	—
Wednesday	1.0	4.0
Tuesday	1.2	2.6

* Lloyds Bank. † Halifax 90-day; immediate access for balances over £5,000. ‡ Special savings rate (see page 27). § Source: Fidelity and others. ¶ Assumes 7.5 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

Monday	—	—
Monday	4.4	14.6
Tuesday	—	—
Thursday	—	—
Tuesday	1.3	2.0
Thursday	1.0	3.0
Thursday	2.2	2.1
Tuesday	4.0	6.0
Wednesday	1.7	—
Wednesday	1.0	4.0
Tuesday	1.2	2.6

Tuesday	0.7	2.2
Wednesday	1.1	3.0
Monday	—	2.0
Tuesday	—	7.0
Friday	1.0	2.8
Tuesday	1.2	2.7
Thursday	2.8	7.2
Tuesday	1.2	—
Wednesday	2.0	5.0
Wednesday	1.5	4.5
Thursday	2.2	6.5
Friday	0.4	1.2

Wednesday	1.1	2.5
Monday	1.5	2.5
Tuesday	1.3	3.7
Thursday	1.8	4.3
Wednesday	1.1	4.0
Thursday	0.5	1.1
Thursday	8.7	11.7
Wednesday	7.0	18.5
Tuesday	1.8	2.4
Tuesday	2.5	5.7
Monday	2.7	—
Tuesday	4.2	8.8

Wednesday	10.4	-18.1
Monday	1.2	2.9
Tuesday	1.1	—
Tuesday	0.7	-1.0
Wednesday	3.5	6.0
Monday	2.2	6.2
Tuesday	3.5	7.2
Wednesday	—	—
Thursday	2.7	6.2
Wednesday	8.0	11.0
Wednesday	—	—

Dividends are shown net pence per share, except where otherwise indicated. † First-quarter figures. ‡ First figures are for months. L Loss.

RIGHTS ISSUES

AAF Investment Corporation plans to raise £3.9m via a rights issue. 1.42m shares will be offered on a nine-for-100 basis at 280p.

Associated British Engineering is to raise £4.45m via a rights issue on a five-for-two basis.

Blue Arrow has cleared the way for an £837m rights issue.
Bewater is raising £80m via a rights issue.
British Wds is to raise £60m.

Ensign Trust plans to raise \$47m via the issue of 49m shares at 70.3

Hyman is to raise £3.8m via a rights issue on a one-for-three basis.

* Dividends are shown net pence per share and are adjusted for any intervention scrip issue. † Per share gross.

MARKETS

Bulls unchecked

WHOEVER said that no news is good news, these days, all news is good news, no matter how bad it is. This was the main lesson to be drawn from this week's action on Wall Street.

Ever since the painful increase in the Federal Reserve Board's discount rate two weeks ago, there has been only one question on everybody's mind in the US equity market: How much worse can monthly trade figures possibly get than the record June deficit of \$15.71bn announced last month?

Yesterday the markets got their answer—quite a lot worse. The July deficit was \$16.47bn, which translates into an annual rate of just under \$200bn. Although most brokers said they were expecting another disastrous set of figures for July, \$16.47bn was still well towards the top of market expectations.

Officially, these expectations varied from \$15bn to \$17bn, according to the authoritative survey conducted every week by Money Market Services of Redwood City, California. In reality, the market had gradually persuaded itself that the July trade figures could turn out to be less bad than the June record. Many equity dealers felt in their bones that things could hardly be as bad as the main-depressives in the bond and currency markets were anticipating.

And even in these markets the gloom seemed to be lifting slightly. Not only were the dollar and the Treasury long bond stabilising, but even the

economists were shading their estimates of the trade deficit downwards. By Thursday, according to 15 economists questioned by the Dow Jones capital markets survey, the average forecast for the July deficit was \$15.6bn, a marginal improvement on the June figure of \$15.7bn.

Yet when the awful truth was revealed yesterday, the stock market's reaction was immediate and positive. Not even for an instant did the equity punters suffer the self-doubt of

Wall Street

the currency dealers, who hit the dollar down 14 per cent, from \$148.15 to \$131.10, within minutes of the trade announcement. The equity market opened some 14 points up and continued to push gradually but confidently higher throughout Friday morning.

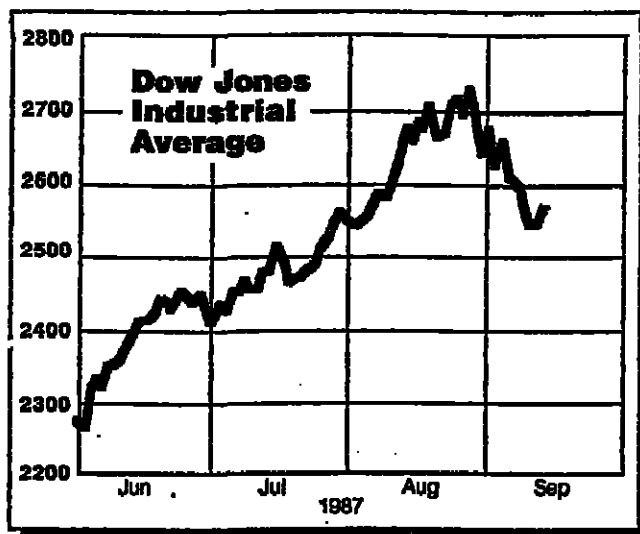
It can be argued, of course, that quibbles about the odd billion on the trade deficit is totally irrelevant to an analysis of the forces currently at work in the stockmarket. By Tuesday this week, Wall Street had suffered a 6.5 per cent drop from the record of 2722.45 which the Dow Jones Industrial average hit on August 25. This was the market's worst correction since the last run-up in US interest rates, the one which took place in April.

This time—what with the June trade figures, the hike in discount rate and the occasional signs of panic in the bond and currency market—there was the faintest whiff of fear appearing among equity investors.

Even among the overwhelmingly bullish technical technicians, there was a widespread view developing that 2550 on the Dow could prove a key support level. If the 2550 mark was decisively breached, a much more serious correction could develop, taking the market down another 10 per cent to around 2350. On Tuesday, as Goldman's bearish judgment spread through the market, the Dow fell below 2550 and some real selling pressure built up.

For the first time in the last fortnight's market correction, trading volumes were climbing towards record levels and fear began to raise its ugly head. By lunchtime the Dow had fallen by 2 points, to below 2500 for the first time since July and then the market suddenly "turned on a dime."

Having reversed two-thirds of the morning's decline, the market closed only 16.25 points down on Tuesday. Significantly, the closing level of 2545.12 was not viewed by the chartists as the much-feared breach of technical support levels, especially considering the market had closed on a clear uptrend. With the modest rises on Wednesday and Thursday, the technical optimism



seemed to be confirmed. The market had found a solid floor.

In view of this technical support, it is hardly surprising that Wall Street found it so easy to digest the nasty July trade figures. The fact that similar bottom building operations have been going on in the foreign exchange markets was equally reassuring. The currency speculators have tried repeatedly to push the dollar decisively below \$140 and \$130, and they appear to have failed. Does all this mean, then, that the great bull-market is intact and perhaps even healthier than ever after the past few weeks' shakeout? That seems again to be the prevailing view on Wall Street but among all the charts and technical analysis of trends and bottoms it is easy to lose sight of some of the less encouraging

fundamental changes.

The US trade deficit may soon start narrowing, but it is never going to be closed at anything like the dollar's current exchange rate. And if interest rates are really in a long-term cyclical upswing, as virtually everybody in the US now seems to believe, they are not going to come down again until the next recession. The Dow may or may not hit new highs in the immediate future, but by the time the next recession hits, the Dow is likely to be much lower than it is today.

MONDAY Market closed
TUESDAY 2,545.12 -16.25
WEDNESDAY 2,549.27 +4.15
THURSDAY 2,576.05 +26.78

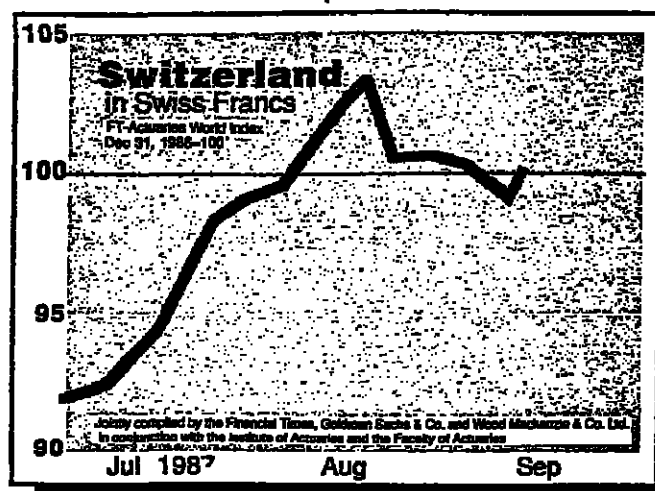
Anatole Kaletsky

Flavour of the month

THE OVERALL environment might not at present look particularly rosy for the Swiss equities market. The dollar is very low in terms of the export-oriented Swiss franc, economic growth at home seems to be slowing down, and domestic interest rates are showing signs of rising. But despite this—and the recent weakness of Wall Street—share prices have been running, at or close to all-time highs.

A record was broken at the end of last week when the Swiss Bank Corporation index reached a peak of 702.3 points. This led to an initial bout of profit-taking in the following few days but since then prices have made up most of their losses. By the close of Friday trading, the index was back to over 690.

The latest upswing has been due, not least of all, to a run on registered shares. This category, which accounts for about one-third of total market capitalisation, has traditionally lagged behind bearer stock, given its limited negotiability. Most Swiss companies do not enter foreigners into their share registers, while there have been numerous cases where registration has been refused to "undesirable" Swiss shareholders. This has meant a noticeable



gap between the price of bearer shares and participation certificates on one hand, and registered shares on the other. This widened substantially last year to the point where the average quotation for bearer equities was some 138 per cent of that for registered shares of the same company.

Although this anomaly has become less marked during the course of 1987, the difference is still in the region of 28 per cent. This also means that yields of registered shares are substantially higher than those on the other categories. Today, registered stock yields an average 2.15 per cent, compared with little more than 1.7 per cent for bearer equities. The price-earnings ratio is 20, as against nearly 33.

It was basically this favourable price constellation that has made registered stock the flavour of the month on Swiss exchanges. Within a single week, that of major industrials jumped by anything up to 10 per cent (for Nestlé) or even 19 per cent (for Von Roll). Demand appears to have come particularly for Swiss institutional investors.

While foreigners are practically barred from this sector of the market, many of them have had every reason to rejoice. Late last year, a number of banks prominently among them the small but lively BZ Bank Zuerich, had pioneered the issue of covered warrants against specific registered shares in Switzerland. This provided a welcome opportunity for foreign investors to hitch a ride on the promising registered shares for three years or so, even though they will not be able to convert the warrants into stock at maturity.

These warrants shot up in price much more rapidly even than the shares on which they are drawn. Last week alone, for example, various covered warrants on Nestlé's registered

shares jumped by between 46 and 67 per cent.

One theory is, in fact, that the original shareholders, whose registered equities are pooled on blocked accounts against the warrants, are buying up extra shares on the market to make up for those they will in time yield up to the eventual warrant-holders.

It has, however, not only been registered shares that have made the Swiss stock market as strong as it is today. Bearer equities are not far from record levels themselves

Switzerland

It seems unlikely that there will be any major setback in the near future. Domestic liquidity, especially on the part of institutional investors, remains very high, while there is no lack of foreigners interested in a possible currency gain (and further price increases) on Swiss franc holdings.

Quite apart from recent stimulating rumours—including, for the umpteenth time round, the claim that Nestlé is about to buy up Hoffmann-La Roche—corporate takeover look generally fair to good, even in the face of the waning dollar.

It seems certain that 1987 will be a new boom year for the stock exchanges all round in Switzerland. In the first seven months alone, securities turnover in Canton Zurich—made up largely of stock-exchange trades—reached Sfr 373.7bn. This was a good 20 per cent higher than the figure for the whole of 1986. Overall market capitalisation for 417 shares is now running at more than Sfr 242bn.

John Wicks

Australian gold fever strikes again

WITHOUT EVEN a hint of hyperbole, people are calling it Australia's third gold rush. They are referring to the recent flood of investment into Australian gold shares, the explosion of bullion output, and of course the pile of profits.

Some idea of the extraordinary share market trend can be gleaned from the course of the Australian Stock Exchange's gold index, covering gold mining companies. It doubled from under 1,000 in January, 1986 to just under 2,000 a year later, and that was just the start.

By April this year, it had soared to 3,460. Though it fell back to 3,250 in June after a 10 per cent fall in the world gold price, the index latterly has again reached new records, touching 3,990 earlier this month and finishing at 3,958 yesterday.

On the production front, the trend is equally extraordinary. Total Australian gold production has been virtually doubling

every two years since 1980. In 1987, aggregate production will increase by around 40 per cent to 105 tonnes.

By 1990 Australia, the US and Canada will each be producing about 140 tonnes per year. That is higher than the levels of the 1850s and 1900s, and more than any western country other than South Africa, which is likely to continue to outstrip its competitors with an annual production of 650 tonnes.

Taken together with output from vast projects in Papua New Guinea, for which Australian companies are largely responsible, total Australian gold production will be close to 200 tonnes by 1990. By then, too, gold will become Australia's principal export earner along with coal and wool.

Behind the trend is a mix of factors. A weaker Australian dollar, not to mention the helpful absence of corporate tax, have transformed the economics

Mining

of Australian gold mining as the international bullion price has risen.

With production costs of less than \$200 per ounce and the gold price currently \$460, the fundamental profitability of many Australian companies appears strong enough to withstand significant bullion price falls.

At the same time, uncertainty over South Africa's political evolution has inevitably focused attention on other producing

countries—not just Australia. But of greater immediate importance have been capital inflows from Japan, the US and Europe. Worries about the US dollar, and the outlook for interest rates and inflation, have encouraged a diversification of assets, and this trend can have a potentially dramatic impact on the price of gold and of gold shares.

According to BZW Meares, a local Australian broker, a divestment of a mere 0.5 per cent of the capitalisation of the world's share market, or of just 0.9 per cent out of US funds, would soak up the last 10 years' worth of gold investment purchases.

In the Australian share market, gold has thus emerged as a major force. Last month, price-earnings ratios of gold stocks were almost double the

market average of 18, while in June gold shares accounted for 6.8 per cent of total capitalisation compared with only 1.6 per cent a year earlier.

Some of the bigger companies are meanwhile acquiring the status of major world producers. They include Western Mining, Placer Pacific, North Kalgoorlie Mines, Gold, Newmont Australia, CRA, Bougainville Copper, Australian Consolidated Minerals, and Kidston.

Indeed, rationalisation in the industry together with exploration discoveries means that the traditional characteristics of Australian gold companies—namely, small production and short reserve lives—are becoming less important.

A total of 15 companies now have reserves in excess of 1m ounces. In the view of BZW

Meares, the country has about 30 "exceptional" gold deposits with large reserves or high grades, and about 10 "good" quality deposits.

The firm also believes that the recovery of blue-chip gold stocks since the shake-out of May and June means there are signs that a two-tier gold market is now emerging. So, middle-sized companies currently offer better value to investors.

All this stands in sharp contrast to the picture for other perhaps the base metals sector, Australian resources, save where share prices have been helped by improved prices for commodities like copper and aluminium.

The greatest casualties among resource stocks in the generally booming Australian share market have been for coal companies. Plummeting world prices and difficult markets have made prospects bleak.

Chris Sherwell

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Pre-tax profit	Up 81.7 per cent	
Earnings per share	Up 78.5 per cent	

	1987	1986
Turnover	30.9	26.4
Operating profit	4.9	3.0
Profit before taxation	5.0	2.8
Earnings per share (p)	28.2	15.8
Dividends per share (p) since full listing in May, 1986	7.5	—

A copy of the report and accounts will be sent to all shareholders. Further copies are available from the Company Secretary.

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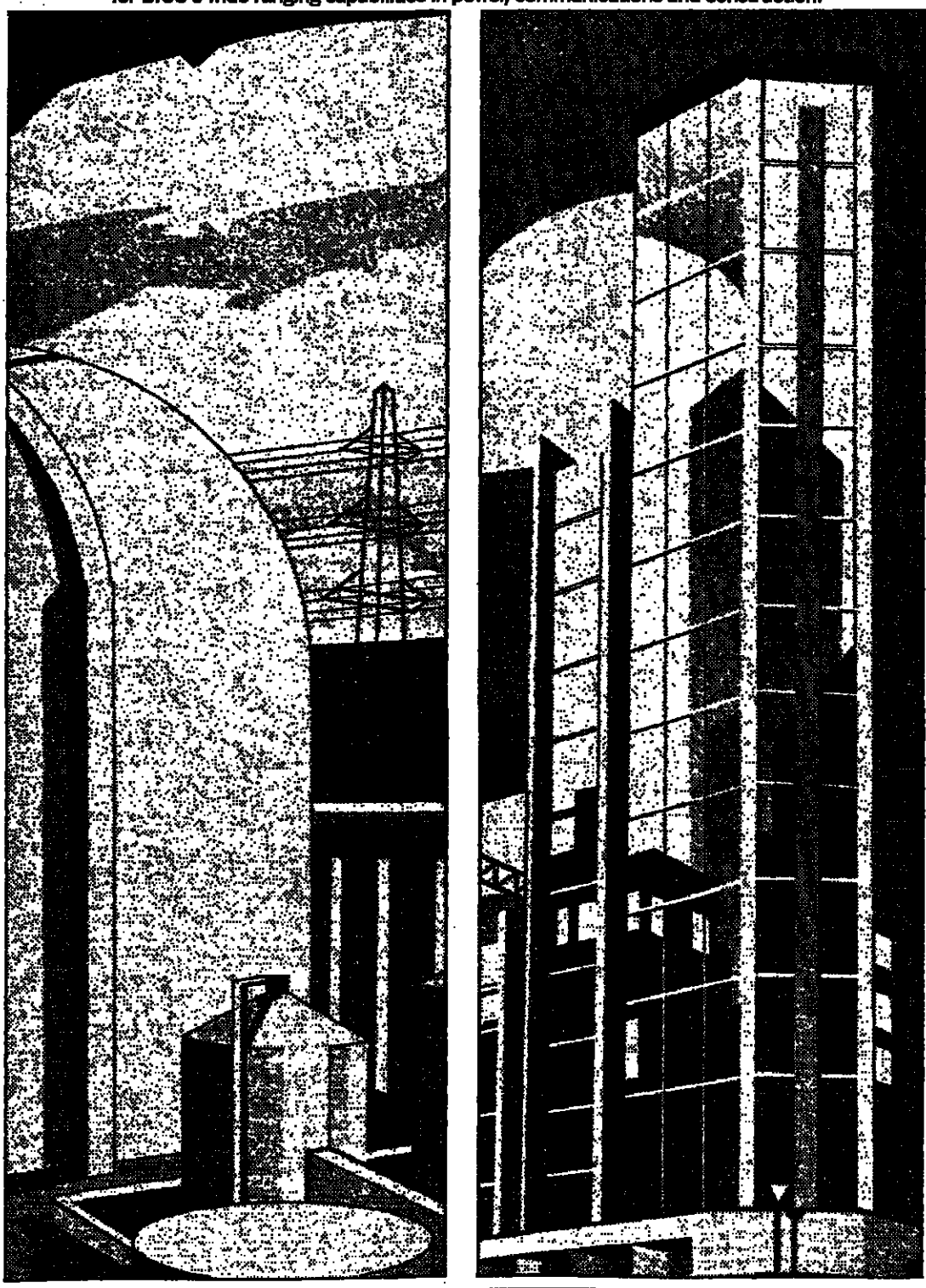
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BICC Chairman, Sir William Barlow says:

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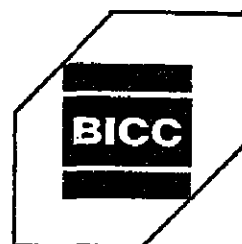
Markets in some sectors of our business were strong, but the main improvement came from the positive achievements of our own people. I expect this progress to continue."

RESULTS FOR THE HALF YEAR TO 4 JULY 1987

(Based on unaudited figures)

	1987 First half £m	1986 First half £m	1986 Full year £m
Turnover	1,149	977	2,143
Profit before interest	64.0	54.4	113.8
Net interest payable	(3.6)	(7.4)	(13.1)
Profit before taxation	60.4	47.0	100.7
Taxation	(22.7)	(17.4)	(38.7)
Profit after taxation	37.7	29.6	62.0
Minority interests and preference dividends	(8.3)	(7.6)	(16.8)
Attributable profit before extraordinary items	29.4	22.0	45.2
Extraordinary items	.7	(.7)	(13.0)
Attributable profit	30.1	21.3	32.2
Earnings per share before extraordinary items	14.0p	11.5p	22.7p
Ordinary dividends per 50p share	4.0p	3.5p	11.75p

The results for the full year 1986 have been extracted from the audited accounts, on which the auditors gave an unqualified report, and which have been filed with the Registrar of Companies.



For a copy of the 1987 half-year report contact: BICC plc, Devonshire House, Mayfair Place, London W1X 5FH. Tel: 01-629 5622.

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AS FAR as the investment trust industry is concerned, the Government can delay full implementation of the Financial Services Act for as long as it likes. The men who run the trusts feel they haven't got a very good deal out of the act, which lays down comprehensive guidelines on the marketing of investment products and the protection of those who buy them.

The main point made to the Government by the Association of Investment Trust Companies—the lobbying and publicity umbrella for about 180 trusts—is that it might be fine to tell independent financial intermediaries to be impartial about their advice but it is far from proper that this only applies to unit trusts and insurance-based products.

The AITC believes the middlemen should be giving unbiased advice about the whole range of savings opportunities, from investment trusts to National Savings and building society deposits. If they don't they are failing their client and the Act's honourable intentions are not being attained. Means from intermediaries who say they would lose out on commission on such products are given short shrift by the AITC who say they should make their money out of clients' fees rather than commissions to really prove they are putting the customer first.

The AITC's fears about the act crystallise the position between a rock and a hard place that it has been forced to occupy during the boom period for equity-based investment over the past eight years. It is a position that makes it hard for the industry to put its often-convincing case to the private investor with any great force or authority.

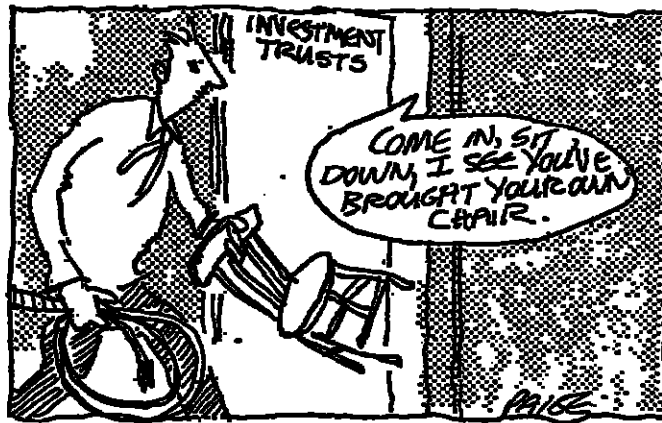
To put it at its crudest, investment trusts are a cross between unit trusts and direct share ownership. Yet to one side, the investment trust community has seen the unit trust industry explode, mostly through aggressive and at times brilliant marketing. To the other side, it has watched the cult for individual share ownership soar as appetites were whetted by give-away notations of state companies.

The point has been reached where many people in a position to invest in equities know at least the basics about shares and unit trusts but not the first thing about investment trusts. Intermediaries are certainly not going to tell them and very often neither are their stockbrokers, many of whom have little time for private clients.

To elaborate on its hybrid status, the investment trust is similar to a unit trust in that the pool of money collected by the managers is invested on behalf of investors. The scope

Bob Huntley reports on the merits of investment trusts

Examine the alternative



for investing is wider, covering unquoted shares and property, while the rules on using borrowed money and hedging against foreign currency losses are also more relaxed for investment trusts.

But the major difference from unit trusts is that investment trusts are "closed" vehicles where the pool of investors' money is static. Purchases and redemptions, done through the managers for unit trusts, are carried out through the stock market where investment trusts are quoted like ordinary company shares.

This different method of trading is more significant than may be first thought. It means that investment trusts are just as subject to the City's whims that drive the stock market up and down as to the performance of the managers who run the fund.

It also means that the price of an investment trust share will usually be at a discount to its net asset value whereas the price of a unit trust derives from, and is equal to, the fund's underlying assets.

The varying size of this discount, caused by a variety of factors, provides the extra spice which keeps many investors coming back to taste the investment trust pot. Trade night—buying a trust when the discount is wide and selling when it is narrow—and you have a profit even if the underlying

mainly because there are no intermediaries grabbing a slice of the action. Buying investment trusts through a stockbroker should cost the same as buying BTR or Boots shares—usually around 2.4 per cent inclusive of VAT and stamp duty with minimum commissions around 15 to 20 per cent. Annual charges of around 1 to 2 per cent also tend to be lower than unit trust rivals who usually charge between 1 and 1.5 per cent.

However, buying investment trusts can be cheaper still, thanks to one of the few brainwaves to flash through the industry in recent years: savings schemes. The beauty of such schemes is that it allows management groups to get around the law which prevents them advertising their shares without attaching a full prospectus—a procedure that is extremely expensive and as enticing to the reader as reading a telephone directory.

The law, which applies to all quoted companies, does not cover unit trusts, which have made full use of their advantage with some super slick adverts that would put some washing powders to shame.

It's something we're going to have to live with, says Lord Mark Fitzalan Howard of Flemings, which manages 10 investment trusts. In the meantime, Flemings, along with most of the other leading houses, is pushing its savings schemes hard.

The schemes pool investments made by individuals on a regular monthly or occasional basis so that the investment trust shares can be bought at commissions far lower than those available to an individual through a stockbroker. Most management groups set minimum investments at £25 monthly or £250 on an occasional basis and extend the scheme to existing shareholders to automatically reinvest their dividends.

At Flemings, most deals under the scheme are done at commission of around 0.2 per cent plus VAT and stamp duty—in total around 0.73 per cent. Fitzalan Howard says he is "enormously encouraged" by the public response to the scheme, which brings in around £200,000 of savers' money a month from around 4,000 investors.

Naturally there is no point in buying anything, however cheap, if it is going to lose money. Next week we will look at how you should go about choosing an investment trust.

For further information about investment trust companies, contact the Association of Investment Trust Companies, 25th floor, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000.

Service with a smile

John Edwards gives details of a new scheme, with added incentives, for those with £30,000 or more to invest



PERSONAL service is very hard to get from a stockbroker these days unless you have a sizeable portfolio. Brokers claim it is simply too expensive to provide small investors with the kind of attention given to big clients. However, under a scheme launched this week by Montagu Loeb Stanley, the stockbroker arm of the Save & Prosper group, you can have your own personal adviser and banking service if you have a minimum of £30,000 to invest.

The scheme, known as PAMS (Personal Asset Management Service), is essentially a unit trust portfolio service with added incentives. Your £30,000 is invested in either a capital growth or income portfolio, which have been converted into unit trusts to take advantage of the capital gains tax concessions available.

With the help of the personal adviser, you choose which of the two portfolios is most suitable for your individual needs. There is a low cost initial entry charge of 2 per cent (compared with the normal unit trust front load of 5 per cent) but the annual management fee is rather higher than usual—1.5 per cent on the value of the fund. You can also switch portfolios at a later date on advantageous terms.

However, any funds above the £30,000 minimum are treated as an auxiliary portfolio. You have complete freedom of choice in this but you can draw on the normal stockbroking services. Your personal adviser will provide recommendations, but only if you ask. You make the final decision—shares of your choice, gilts, or even cash.

As part of the package you can open a Save & Prosper Premier High Interest Account, which normally requires a minimum income of £25,000 a year and minimum deposit of £1,000. These restrictions are waived, though, and you receive the full banking service. This includes a Visa Premier gold card, which also acts as a cheque guarantee card, and money market rates of interest on any balance held.

● KATE FOSTER, one of the personal advisers appointed by Montagu Loeb Stanley under its new Personal Asset Management Service. She will advise on any investment, taxation or administrative aspect of the scheme; provide details of your holdings; and help to arrange banking facilities.

In addition, as a member of PAMS, you are entitled to a special overdraft facility equal to 50 per cent of the value of your portfolio. You could, for example, use this facility to pay school fees, although the interest rate is a bit steep at 4 per cent above the group's base rate.

On some occasions, such as for staging privatisation or other new issues, you can borrow up to 100 per cent of your portfolio's value as long as you repay the loan within an agreed period.

Stephen Cooke, head of Montagu Loeb Stanley financial services, expects PAMS to appeal particularly to intermediaries like accountants and solicitors handling investments on behalf of clients. They are being offered a 1 per cent commission as an incentive.

Cooke claims that the availability of a personal adviser for relatively small portfolios has been made possible by separating within the group the normal three main stockbroking functions—investment, administration and communication with clients.

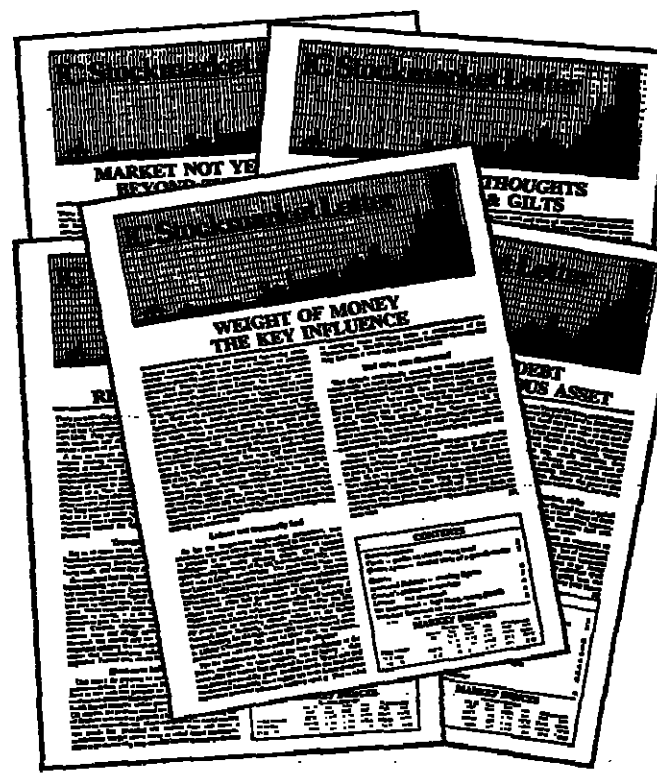
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Company	Recommendation Date	% gain at 24-7-87	Your share value for £1,000 invested	Company	Recommendation Date	% gain at 24-7-87	Your share value for £1,000 invested
Abbey Life	2-7-86	59	1,590	John Maunders	27-8-86	95	1,950
EIS	16-7-86	56	1,560	William Bedford	3-9-86	84	1,840
Australian Con. Mins.	23-7-86	85†	2,740†	Henderson	10-9-86	22	1,220
Borland	23-7-86	185†	340	Process Systems	17-9-86	91	1,910
Enterprise Gold	23-7-86	3*	1,030	Hall Engineering	1-10-86	80	1,800
Metana	23-7-86	110†	3,650	Lambert Howarth	29-10-86	126	2,260
		420*		AMEC	5-11-86	63	1,630
		220†		William Sinclair	5-11-86	149	2,490
		443	3,270†	Alfred McAlpine	12-11-86	57	1,570
North Kalgari	23-7-86	129	2,290	Automated Security	19-11-86	43	1,430
Blick	30-7-86	80	1,800	Brooke Tool	26-11-86	85	1,850
Bemrose	6-8-86	102	2,020	Hickson International	3-12-86	112	2,120
				Reed International	3-12-86	84	1,840
				Kwik Save	17-12-86	55	1,550
Average Gain +97.5%							

*At the time of sale recommendations. †At the time of partial sale recommendations. ‡Overall performance assumes one half of holding is retained after each partial sale. (List excludes new issue and up-date comments).

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THIS YEAR the banks' wooing of students and school leavers is more ardent than usual with fiercer competition for the youth market.

Building societies are also offering attractive packages to the young customer in a bid to capture a share of this market, making the choice of the youngster with a first wage packet, or a student with a first-year grant, more bewildering.

This catch-'em-young policy is based on the premise that people tend to stay with the bank to which they first entrusted their cash unless there is a real incentive or pressing need for a change. The result is that students are being offered enticements not available to older, more credit-worthy customers.

Leading the pack this year is Barclays, which is keen to make up for lost ground now that it has severed the South African connection which made it unpopular on many campuses.

The bank has put together a package which includes:

- Free charge account banking regardless of balance, together with monthly statements;
- The new Barclays Connect Visa card;
- A £15 cash — this is paid into the account of students who can produce either a local education authority tuition fees award letter, or a maintenance grant cheque;
- Up to £200 overdraft at a preferential (1 per cent over base) interest rate;
- Advice and assistance from specially trained young staff (called Student Business Officers);
- Special student insurance (arranged in conjunction with Provincial Insurance);
- Graduation loan scheme at a reduced rate of interest (up to £1,000, dependent on the graduate having a firm job offer);
- Barclaycard (for those over 18, a legal requirement for granting credit; and after assessment); and
- Other free entitlements, including advisory booklets (Getting to College, Student Banking, Starting Work, Getting a Job); and folders for convenient storage of financial documents.

With minor variations, similar facilities and inducements are offered by the other competitors in the banking sector.

SOME BANKING OFFERS FOR STUDENTS

Organisation	Starting Cash gift	Freebies etc.	Overdraft	Chequebook & Guarantee card	Credit card	Cashpoint card	Personal loan	Free banking Current & deposit
National Westminster	£12	Plastic folder	£200 arranged		Access	Service card	£1,500 for medical students	Even if overdraft
Barclays	£15	Plastic folder	£200 arranged		Visa & Connect	Barclay Bank	£1,000 Graduate loan	Even if overdraft
Midland	£8 plus cash pass £3.50	Plastic folder	Int. free on first £100 arranged		Access £250 limit	Cashpoint		
Lloyds	£10	Folders, discount records, tapes etc.	£200 at APR 12.6 arranged		Access £200 limit	Speedbank		
Trustee Savings		Competition—US by Concorde	Arranged only	£200 limit	Electron	Link		
Co-operative		Competition—Outward Bound	£200 at 1% over base		Visa	Cashline	£1,500 Graduate loan at base rate	
Royal Bank of Scotland	£12			Flex account		Matrix & Link		
Nationwide Building Society						Cardcash		
Halifax Building Society						Matrix & Link		
Anglia Building Society						Link		
Girobank			No					

For example, National Westminster Bank offers a £12 cash starter and a slide-rule Budget Planner. NatWest has also introduced preferential loans for medical and dental students to assist with expenses in the UK or for one year's study abroad.

Free life cover is automatically provided, and the interest rate is 1 per cent over base, with a minimum of 8 per cent. Repayment does not start until studies have been completed, and students will have up to five years to make total repayment. During the first two years repayments may be limited to interest only.

Midland Bank is also offering a sliding money management guide; and the first £100 of a pre-arranged overdraft will be interest-free, with a preferential rate (1 per cent over base) if the £100 is exceeded.

The cash gift is down to £8 but students get a free card and assisted travel (normal £2.50). Midland offers other travel services including a free Eurocheque card and commission-free sales and purchase of foreign currency, and Thomas Cook sterling and US dollar travellers' cheques.

Lloyds Bank provides an overdraft up to £1,000 at a concessionary rate of 1 per cent per month (APR 12.6 per cent), but the cash gift is only £10. On the other hand, Lloyds' post-graduate loan scheme is available to student customers who swap banks and bring

the Lake District. The post-graduate loan is up to £1,500 over four years, with interest at base rate.

Inducements to potential young customers are so enticing it would not be surprising if unscrupulous parents transferred part of their financial

Banks and building societies are offering a bewildering number of choices, says Tony France

their overdrafts with them. The Royal Bank of Scotland takes a different tack. In addition to the usual services (with a £12 gift) students opening an account before November 30 can enter a competition with a first prize of a week for two on an Outward Bound course in the US.

The prize includes return flights in the summer of 1988, a Greyhound bus pass, and £300 spending money. The 10 runners-up will win a short Easter course at the Outward Bound centre at Ullswater in

burden to their children so that they could take advantage of the attractive banking facilities.

Choosing the best offer may well be decided on the fringe benefits, rather than the financial package, depending on the particular interests of the youngster picking a first home for his money, or a source for his credit.

The Trustee Savings Bank offers discounts on such items as Virgin records, Hitachi cassettes, and Yamaha electronic organs, which may be more

attractive than the chance to win a place on an Outward Bound course. TSB also provides a useful free book listing some 20,000 holiday jobs available in the UK and overseas.

It is well worth shopping around, and not only among the major High Street banks.

Girobank points out that while it has no special offers for new young customers, it has been providing free banking since 1978; and that with outlets through 20,000 post offices it has more branches than all the other banks put together. Girobank has 200 cash dispensers and has a further 800 points through membership of the Link cashpoint scheme operated by many of the building societies.

At present there are no inducements for new customers, although Girobank did offer a £5 record or cassette voucher last year.

The Co-operative Bank also emphasises that it has many more outlets than most banks, because of the banking facilities in the Co-op stores. It is making a drive for the young with special accounts, cheque book, free banking, Viscard (subject to approval and a £200 limit), overdraft by arrangement only,

and the Electron card for special offers and discounts at the stores.

The bank is running a Famous Film Stars competition to attract the young customer. The winner flies to the US by Concorde for a 14-day holiday, including a visit to Hollywood. Ten runners-up will receive free tickets for a year to Cannon Cinemas.

Those building societies which are providing an increasing range of banking facilities are in the main still preparing plans for an assault on the youth market.

In general, special facilities are not provided, but the Halifax and the Abbey National have several booklets available to guide the new customer in this field. They point out that while they may not offer an overdraft, accounts in credit do receive interest (around 5 per cent).

Anglia has no special programme and Alliance and Leicester used to give youth schemes when they were separate entities, and hope to re-start a scheme when the merger has settled down.

Nationwide seems to be the most advanced in this area, in particular emphasising the interest paid on accounts in credit (£1,499 2 per cent, £200-£499 3 1/2 per cent, £500-plus 5 per cent). Agreed overdrafts are charged 1.75 per cent per month (APR 23.1 per cent), but without arrangement an overdraft attracts a punitive 34.4 per cent APR. Chequebook, Flexaccount, Matrix cash points from September 1, Link cash card (as with a number of other societies), cheque guarantee card (subject to approval), and even the home phone code attachment enabling the customer to receive account details over the telephone (£10 deposit for the device), are all available from Nationwide.

All these schemes must be attractive to the average student strapped for cash. Figures from the lenders indicate that only some 15 per cent of their youthful customers get into serious financial trouble; though many more must have their anxious moments.

The only reservation about these schemes is that stricter "creditworthiness" control might further reduce the number of youngsters finding their financial problems getting out of hand.

Rollover relief

IF A prize were awarded for the Government's relief of 1987 which affects the smallest number of people, Treasury Minister Norman Lamont would surely be hot favourite following his recent announcement that capital gains rollover relief is to be extended to spacecraft and satellites. But this rarefied statement throws the spotlight on a long-standing tax break from which large numbers of taxpayers derive considerable benefit.

The term rollover is to some extent self-explanatory. Since capital gains tax was first introduced, the Government has accepted that it would be unfair to claim CGT from a trader who disposed of one trade asset at a profit but then re-invested the proceeds in a new trade asset. So the trader can opt to defer the tax which would normally be due on his first disposal and rollover his gain on to the new asset.

Suppose, for example, that Mr X, whose business is organising excursions to the moon, buys a spacecraft for £2m. He subsequently decides to exchange it for a newer model but by then the value of his craft has risen to £3m, creating a potential CGT liability on disposal of £300,000 (30 per cent of £1m).

However, since Mr X is spend-

ing £3m on a new space machine he can claim a rollover of his gain. If he does so, he will be treated as if he had sold his original machine for £2m and then bought the new machine for £2m. Hence, if he ultimately sells the new asset for £4.5m—and does not get a further roll-over—he will pay tax on a gain of £2.5m.

Apart from satellites and spacecraft, the assets to which rollover applies are land and buildings, fixed plant or machinery, ships, aircraft and hovercraft and goodwill. Items falling outside these categories will not qualify for relief—even if used exclusively in a trade.

Even where an asset qualifies, relief will be lost if the taxpayer fails to comply with the statutory time limits. These stipulate that the new asset must be bought not more than 12 months before or not more than three years after the date of sale of the asset which is being replaced. The Inland Revenue does have the power to extend these periods but is reluctant to do so in practice.

The mere fact that the replacement asset is bought within the statutory period will not create an automatic rollover. The taxpayer still has to claim his relief but since he has a full six years in which to



do so, this should rarely cause a problem.

Equally important as compliance with time limits is the need to ensure that the same person owns both the asset being rolled-over and the trade in which it is used. The only exception is where the asset is owned by an individual and the trade is carried on by a "family" company, i.e. a company in which the individual is at least a 25 per cent shareholder or which the individual and relatives control, with the individual owning at least 5 per cent. However, a common case in which relief is not available is where a trade is carried on by a husband but the assets are in his wife's name.

In other respects, the rollover rules are fairly flexible. If a person carrying on two

separate trades sells an asset which he uses for one of those trades, there is nothing to prevent him from rolling over onto a newly-acquired asset for the other trade. And if an asset is only partially for business use, rollover will still be available for the relevant proportion.

This will be of assistance to somebody who carries on a trade or profession from his home. The CGT exemption for a private residence will not apply to the business part of the house but, provided the owner will be making similar use of his new property, he can rollover the tax which would otherwise arise.

The benefits of rollover are available not just to individual traders, but also to companies, unincorporated associations and partnerships. And there is no limit to the number of times a gain can be rolled over so that although rollover creates a tax deferral and not an exemption, for an ongoing business it will often be an indefinite deferral. The rollover chain will be broken if the trader buys a wasting asset, e.g. if he disposes of a freehold property and buys a short-term leasehold property. The CGT liability on the sale of the freehold will still be deferred—but only for a maximum period of 10 years.

David Cohen
The author is a corporate tax partner at Palmer & Co, solicitors.

Students warned about 'baits'

In the September issue of the Consumers Association magazine Which? a review of the services offered to students by the banks selects Nationwide Building Society as the "best buy" and advises students not to be swayed by the "baits" offered by the competing banks. However, the banks may come unstuck here—it has been pointed out that there is nothing stopping the unscrupulous student from opening £1 accounts in all of them and collecting all the free gifts!

The National Students' Union, while welcoming any help that might be provided for impetuous members, is concerned at the ready access to credit via the overdrafts, loans and credit cards now on offer. NSU figures indicate that at least 50 per cent of members get into debt during term.

Even the Inland Revenue has got into the act. It has produced the IR59 Students' Tax Information Pack. As well as explaining how deeds of covenant entered into by parents can benefit both parties, it includes a claim form to claw back tax de-

ducted from payments made under a deed. The pack is free.

Barclays Bank meanwhile has launched a scheme aimed at bridging the gap between children's savings accounts and full adult banking services.

Called BarclayPlus, it is aimed at youngsters between 14 and 18. Account-holders will receive a BarclayPlus card enabling them to withdraw up to £30 a day from cash machines, as well as to order statements and check balances.

The card can also be used to withdraw cash from automatic dispensers operated by Lloyds, Bank of Scotland and Royal Bank of Scotland.

The major attraction of BarclayPlus, however, is that a competitive rate of interest is paid on any balances held. At present, it is 6 per cent net (7.25 per cent gross).

Those opening an account will receive a free wallet which includes a pen, account record book, cardholder and personal information card.

John Edwards

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FINANCE & THE FAMILY

A house next door

I am thinking of buying the house next door while keeping my present house, to which it is semi-detached, as the lazy man's solution to coping with an expanding family. I would then own the freehold of the whole building and would operate both halves as one home after breaking through the party walls upstairs and downstairs and after removing the garden fence. I would do the amalgamating work in such a way that, at any future time, when needing or wanting to sell and move, I could restore the adjoining half to its present condition as a self-contained house relatively easily so that I could sell it again as a separate unit if I found that the sale price of the combined building could not match the aggregate price of the two halves sold separately.

CGT might be a problem. I should be grateful if you could confirm that both halves could be claimed to constitute my principal private residence and that I would therefore not be liable to CGT on any increase in value of the house next door.

My present house is my principal private residence. The solicitor who acts for you in the purchase will be able to guide you through the CGT maze. All good solicitors are

prepared to advise on the tax aspects of domestic property transactions, as an integral part of their conveyancing service. If you eventually restore the separate status of the two halves of the building, the consequent gain will be taxable under section 103(3) of the Capital Gains Tax Act 1979:

"Section 102... shall not apply in relation to a gain so far as attributable to an expenditure which was incurred after the beginning of the period of ownership and was incurred... partly for the purpose of realising a gain from the disposal."

Disputed ditch

I have a ditch which is shown on the Ordnance Survey map as being the boundary between my property and the property of an elderly lady, has been told by an old man down the road that it is her ditch. The portion of the ditch in question is half the length of the total ditch—the other half is not being claimed as the owner of that property admits it is my ditch. She has fenced up the bank so that I have no way into the ditch. Is there any legal width for a ditch and what is its position?

There is no legal requirement or limit for the width of a ditch. If the person who has fenced to the bank has done so entirely on her own land (ie has not included the ditch within the fenced area) she has acted within her rights. If she has erected any fencing on your land you can insist on its removal.

A cottage and CGT

I have been left a country cottage in the will of a relative. Can you advise what will be my Capital Gains Tax position on disposal? I live with a friend in a house of which she is the sole owner and the only other property I own is a London flat which I have let continuously to produce rental income since the date of purchase in 1975, so will the cottage automatically qualify as my "main residence" for CGT purposes? If not, and I do have a CGT liability, will this be based on the probate valuation or the value when the deeds are transferred to me? There has been a delay of three years in settling this particular estate so the difference



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between the two is considerable—about £20,000 on the current valuation. You will be deemed to have acquired the cottage on the day of your relative's death, at probate value, by virtue of section 49(4)(b) of the Capital Gains Tax Act 1979. To minimise your prospective CGT bill, you should submit a notice to your tax inspector that the cottage is to be treated as your main residence with effect from the day you first set foot in it by virtue of section 101(5)(a) of the CGT Act 1979. Ask your tax inspector for the free pamphlet CGT4.

Protecting a loan

My brother is about to buy a house, and I am going to lend him some money towards the deposit. What I want to guard against is this: if my brother marries, his wife may then, if they subsequently get divorced, be entitled to half the proceeds of the house, and effectively half of my loan/gift to my brother. How do I avoid this? Can I take a legal charge on the house, or will the lending society not permit this? No doubt it will be sensible to get

a solicitor to draw up whatever agreement we came to, but I should be grateful for some initial guidance. You can either take legal or equitable charge, ranking behind the building society mortgage, to secure your loan, with interest; or you can arrange for a share in the equitable interest in the house to be vested in you (thus participating in any increase in value) leaving only the balance of the equitable interest available in which any future wife of your brother could share.

Tax on a gratuity

I will be retiring soon from the NHS. At the end of my service I will receive a pension and a lump sum (gratuity) in the region of £40,000. Is the lump sum free of income tax? The answer is probably yes, but it all depends upon the precise circumstances of the payment. Why not ask the paying authority?

Double Dutch

I have been in receipt of the basic pension since 1986. My wife is Dutch. We married in 1948 and have lived in England since then. She was a student during the last war, and did not pay any Dutch pension contributions. She did, however, work for the British Army in Holland for a short time at the end of the war, but has no documents to prove this. Last year she was given a Dutch pension backdated to January 1985 which the Inland Revenue is treating as unearned income. As this pension is nothing to do with me I would have thought the pension should be set against my wife's earned income allowance. The Inland Revenue says if she can produce any record of payment of contributions it will reconsider the case. Is this correct?

Have you given your tax inspector a translation of the letter notifying your wife of the award of the pension? This should establish that her pension is eligible for wife's earnings allowance. The question of contributions is irrelevant to sections 8(2) and 536 of the Income and Corporation Taxes Act 1970.

If it is to your advantage, the date of pension paid in 1986-87 which relate to 1984-85 and

1985-86 (instead of 1986-87, as required by law), by virtue of concession A55 in the booklet IRI. The operation of this concession will affect the timing of the changeover from the current year basis of assessment to the preceding-year basis (subject, in any event, to the 10 per cent relief for foreign pensions).

Making allowances

Having used up my own annual capital gains tax allowance and in order to take advantage of my adult son's CGT allowance, with his co-operation and within the tax year, I am proposing to:

1—Finance the purchase of shares, registered in his name, and on selling at a (hopefully) profit, returning to me the original sum leaving him with the gain.
2—Buying and selling shares in his name in one stockmarket accounting period and consequently not using any capital but just his name.
Would these arrangements be acceptable to the Inland Revenue? If not, could you suggest a method of taking advantage of his annual CGT

allowance as he has no money of his own to invest.
1—This would probably be attacked under Furniss-v-Dawson principles.
2—This would be attacked as a sham (and might be considered fraudulent).
You should seek guidance on the operation of Furniss-v-Dawson principles etc from a local accountant or other professional adviser.

Aftermath of a will

Is there any government department where one can seek aid to the final distribution of a will? A relative died in July 1983, the beneficiaries received a partial distribution in August 1984, we are now awaiting the final distribution and it seems an unusual time to wait for a settlement. The matter which you mention is not the concern of government or of any public department. If you think that the estate is not being administered with due despatch you can apply to the court for an order for the administration of the estate or for specific directions instead of a full administration order.

CHESS

THE achievements of Short, Speelman and Nunn in the world chess championship eliminators have confirmed Britain's standing as major challengers to the Soviet Union's eminent position. Short and Speelman have already qualified for the candidates' matches at St John, Canada, in January, while Nunn can join them if he wins a play-off against Portisch of Hungary in Budapest later this month.

Subject to Fide confirmation, the match pairings at St John will include Short v. Salov (USSR), Speelman v. Seirawan (US), and Nunn or Portisch v. Vaganian (USSR). Winners qualify for the quarter-final matches. Short will be expected to succeed and Nunn and Speelman also have chances to progress on their best form.

Further ahead, Britain's rivalry to the Russians should be maintained by the consistent advance of a young player whose results are not far below those of Nigel Short at a similar age. Michael Adams, 15, of Truro,



Nigel Short

made his international mark at 12 when he only just missed an IM result at Lloyds Bank 1984.

A year ago he achieved impressive IM norms at the Kleinwort Greaves British championship and Lloyds Bank 1986. Then he was silver medalist in the world under-16 championship, narrowly behind an Icelandic but far ahead of the Russian and the American.

In the past few weeks, Adams has forged further ahead. He again achieved an IM norm in the British championship,

where for five rounds he kept pace with Short in the lead. At the Lloyds Bank junior international, part of the open event, he tied for first with the reigning world under-20 champion, Anand. Finally, last weekend at Swansea, he tied for the British Isles Open with four grandmasters, including Nunn and Chandler.

Adams's best games blend tactical play with dynamic energy. In this week's game, against a Scottish IM, he exploits White's slow development by a series of forcing moves, breaking through to the white king by a knight sacrifice.

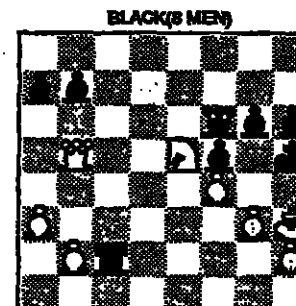
White: C. McNab.
Black: M. Adams.

English Opening (Kleinwort Greaves British championship 1987).

1 P-QB4, P-K4; 2 N-QB3, N-KB3; 3 N-B3, N-B3; 4 P-K3, B-N3; 5 N-Q5, P-K3; 6 N-N1, Q-N3; 7 N-Q3, B-Q3; 8 Q-B2, R-K1; 9 N-K2, P-QN4; 10 P-QN3, P-P1; 11 P-P1, N-N1; 12 P-N4, N-K4; 13 N-N3, B-N2; 14 N-P1, B-QP1; 15 N-B3, P-N1; 16 Q-KB5, P-N3; 17 Q-R3, Q-B3; 18 R-QN1, B-K3; 19 Q-N3, Q-B4; 20 R-R1, Q-RN1; 21 B-B3, B-N3; 22 P-Q4, N-B3; 23 B-K2, Q-N3; 24 P-Q4.

N-P1; 25 P-N, B-B5; 26 Q-QB3, R-B3; 27 K-Q1, Q-K3; 28 R-K1, B-N6; 29 Q-B3, R-R1; 30 resigns.

A world title candidate of 1985? It's far from impossible. PROBLEM NO. 688



From a game in the Soviet Union, 1981, Black (to move) is already rook for knight up and controlled 1... Q-R3. White saw the choice of 2 QxQ, with an apparently hopeless endgame, or moving his queen and allowing 2... Q-KB8 mate; so he resigned. What did the players miss?

Solution Page XXIII
Leonard Barden

BRIDGE

MY FIRST hand today comes from a rubber of high standard:

N
♦ 10 9 8
♥ Q 10 9 6
♦ 4 3
♣ 10 8 4

W
♦ 6 4 3
♥ A K 8 7 5
♦ A Q 9
♣ 9 2

E
♦ 7 2
♥ J 4 3
♦ J 10 7 6 5
♣ 7 6 3

S
♦ A K Q J 5
♥ 2
♦ K 8 2
♣ A K J 5

With both sides vulnerable West dealt and opened with one heart. This was followed by two passes, and South had to find a reopening bid, which would do justice to his hand. Two spades was not good enough, so he doubled.

North replied with two clubs, and again South was faced with

a problem. He thought of bidding four spades, but contented himself with three spades. Now North was on the spot, but though his hand was pretty poor, he raised to four spades in view of his doubleton diamond and three reasonable trumps, hoping that there was a club fit.

West led the ace of hearts, on which East dropped the three. West then switched to the three of spades. Realising that his chances of ruffing a diamond were remote, the declarer looked round for some other means of fulfilling his contract. Then he saw a possible endplay. He drew trumps in three rounds, cashed ace and king of clubs, and crossed to the ten.

Now he returned dummy's queen of hearts to the king, throwing a diamond, and West was in trouble. A diamond return would establish the declarer's king, so he led back the five of hearts.

South had noted East's three of hearts, showing three cards in the suit, and knew that if West had the knave of hearts, dummy's nine would win

immediately, if East had that card—and this was what actually happened—and he would cover. South ruffed in hand, crossed to the queen of clubs, and cashed the ten of hearts for contract.

Brave bidding, and excellent technique.

In the second hand the technique was lacking:

N
♦ A K J 6
♥ A K 7 2
♦ 6 5
♣ 7 4 2

W
♦ 8 7 5
♥ 8 4 3
♦ K 9 7 2
♣ K J 8

E
♦ 9 4 2
♥ 6
♦ J 10 8 4 3
♣ 9 6 5 3

S
♦ Q 10 3
♥ J 10 9 5
♦ A Q
♣ A Q 10

At game all South dealt and bid one heart. North replied with one spade, the opener re-

jump to six hearts concluded the auction.

West opened with the three of hearts, and South drew trumps with ace, queen and knave. He then cashed four rounds of spades, discarding his queen of diamonds, and finessed the ten of clubs. West won with the knave, and returned a diamond to the ace. South crossed to the king of hearts, led a club and finessed his queen, but West produced the king to defeat the contract.

Instead of relying on a 75 per cent chance, the declarer could have made sure of his contract. After drawing trumps, he should cash only three spades, then return a club, and finesse the ten. The knave wins—but now West is endplayed. A return from either minor suit runs into the major tenace. If he leads a club, the queen wins, the ace is cashed, and South crosses to the spade with a trump and discards his queen of diamonds on the fourth spade. If West returns a diamond, the result is the same.

To play a winner, before you know what you should discard on it, is not clever.

E.P.C. Cotter

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*Figures to 19.87. Source Opal, offer to bid, net income reinvested.

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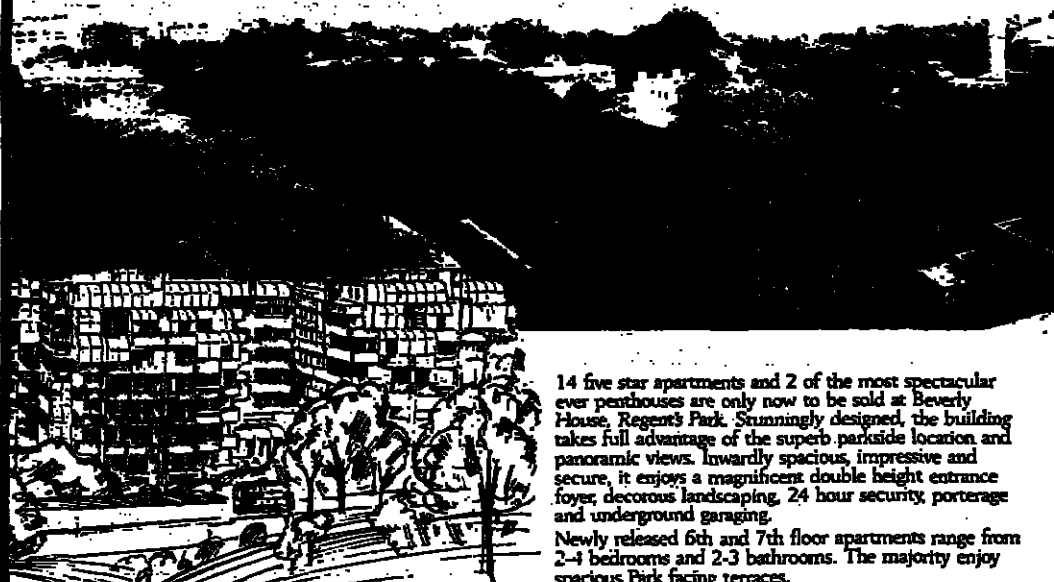
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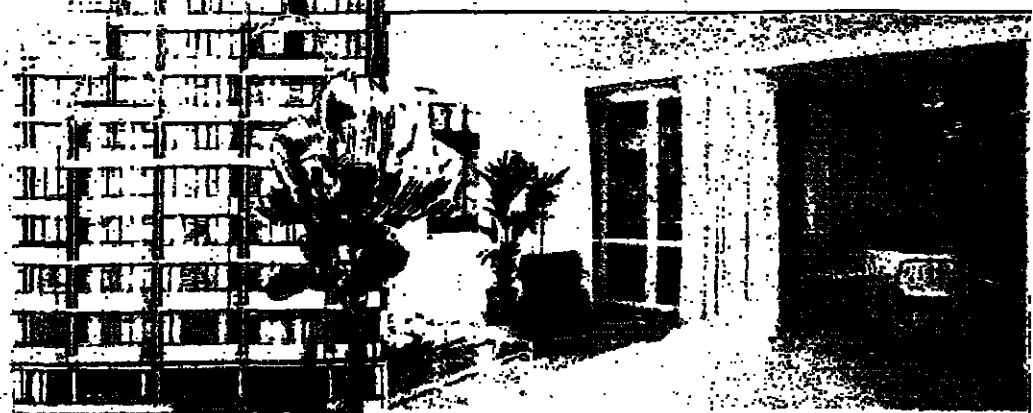
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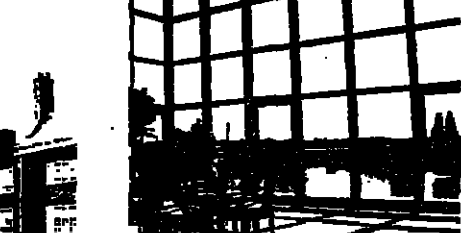
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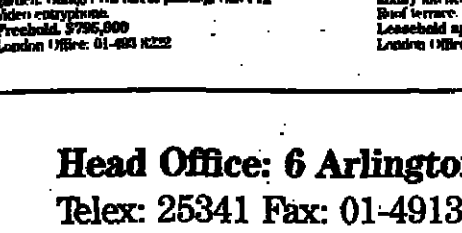
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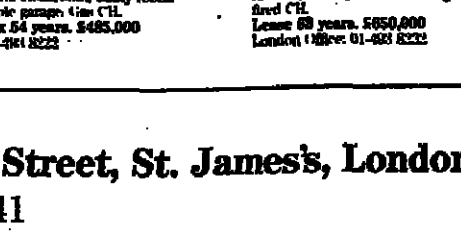
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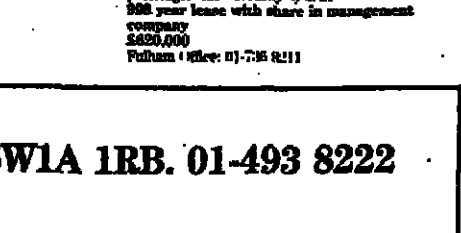
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CHELSEA, S.W.3
A fine Georgian residence in a beautiful and spacious setting. Georgian house with its own parkland with views across the Downs. Reception hall, 4 bedrooms, 3 reception rooms, library, billiard room, study, 2 superb bedrooms, 2 bathrooms. Par of 6 acres. Billiard room, snooker room and study. Fine garden. Swimming pool. Formal gardens, orchard and paddocks. In all about 17 acres.
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Cash buyers form queues down the M4

House prices in
Wiltshire show
its 'honorary
home counties'
status, says
John Brennan

TRAVEL WEST from London, and the Wiltshire borders coincide with most people's idea of the start of "real" country. After the manicured landscape of the Home Counties, Wiltshire's fields don't all look as if they have been converted to paddocks for Clarissa's ponies. It is still possible to imagine that there are working farms where the owners' Range Rovers don't need a spray-on coating of mud, and where the "farmers" are not all clad in designer country-wear, or spend their day on the car phone at the wheel, journeying from Heathrow or the City.

Yet in recent years London buying has kept Wiltshire residential property values rising, if not in direct parallel, then at least in close sympathy to prices in the capital.

Christopher Blount, the Chippenham director of Mann & Co, reports a fivefold increase in prices since 1975, and "continuing strong demand from buyers moving out of London." Knight Frank & Rutley includes Wiltshire in its high price growth areas alongside the Home Counties, Gloucestershire and Avon, with an area average price rise of more than 215 per cent from 1981 to early 1987. The agency says Wiltshire, along with Somerset and Dorset, is likely to see price increases accelerate as the road system is improved.

Strutt & Parker's Ian Hepburn reports a consistent 10 to 15 per cent a year rise in country house prices over the past three years and a 25 per cent increase this year—a phenomenon that he also ascribes to "the new-found popularity of attractive period houses in counties that were considered too inaccessible to attract London money as little as five years ago."

The M4 motorway slicing across the meadowland of the north of the county by Swindon and Chippenham on to Bristol, and the M3 feeding into the A303 and A30 to the chalk downlands of the south, have so improved communications that west of a notional line north-south from Swindon, Marl-

borough and Salisbury, Wiltshire lies near enough within the hour-from-London travelling limit of most commuter buyers to have acquired honorary Home Counties status—at least as far as property prices are concerned.

Move west of that notional line and the more regular commuters cluster closer to the fast rail services in the north of the county, tapping into the 125 InterCity route between London and Bristol. As Knight Frank & Rutley's close examination of the train times shows, that line enables people to arrive in London at 8.30 in the morning if they leave Swindon at 7.23 am, or are able to catch the 7.19 am from Chippenham. On the southern rail links you need to be awake early enough to make the 6.40 am train from Salisbury to get into town by 8.30.

Not that commuting times matter too much in the south of the county because, as Robin Petherick of Strutt & Parker's Salisbury office says, "There are the odd commuters, but the houses that people buy in South Wiltshire tend to be family homes for people who may go to London three days a week, but who are unlikely to be travelling up and down every day."

Having covered the Wiltshire market for 15 years, Petherick says there is nothing new about the imbalance of supply and demand for quality houses. "Wiltshire may not be quite as fashionable as Gloucestershire, but it has always been popular, and accessibility by road to London has meant that demand has steadily increased over the years, with an increasing outflow from London."

Supply, on the other hand, is necessarily limited. "There are

Limited supply

three estates of over 15,000 acres around Salisbury, and they are large by any standards. So they restrict supply. There is Salisbury Plain across the middle of the county with hardly any significant houses, and in the five valleys into Salisbury the average village on the downslands will probably have a rectory, and one manor house—or a decent sized village house—and a lot of cottages."

A couple of bigish houses in a village doesn't add up to enough family-sized period houses for the needs of the buyers, and there are few of the between-the-wars stockbroker belt developments, that added so much to the housing stock of the Home Counties, to take up



The Grade II listed 15th and 16th century Parsonage Farmhouse south of the conservation village of Heytesbury, in the Wiltshire valley near Warminster. The five-bedroom house with a three-bedroom cottage in 4.7

acres of ground is being sold away from its mixed farmland by Humberts (01-629 6700) for around £284,000, a minimum guide price that reflects the amount of renovation work needed to update the building.

the buying pressure. As Petherick says: "Planning policy for most villages in Wiltshire is for in-filling only, so that means only a couple of new houses here and there."

As for frequency of sale, the supply of homes in the county isn't greatly improved by the kind of rapid turnover that has become characteristic of bigger properties nearer to London.

It has become increasingly common for country house buyers within striking distance of the M25 to sell within a couple of years as they trade-up, across the market, or as those who made a move from London get sick of travelling and move back into the capital. Buyers who make a move to Wiltshire seem to be a more resilient lot. In Petherick's experience "they come for the country lifestyle and they stay put. I wouldn't say that the turnover is much greater now than it has ever been. Most people come down here, buy a nice house, and aim to move out first."

At Bradford on Avon Mann & Co had the Old Vicarage on the market for only a few days before the guide price of around £250,000 was topped by 20 per cent. And all the Wiltshire agents have tales of having carefully prepared a major property for sale, completed expensive brochures, and organised an advertising programme, only to find that the queue of cash buyers has formed, and are already counter-bidding each other, well before the marketing drive begins.

Traditionally, there was a fairly clear east-west divide at Salisbury. Until recently it was generally argued that London money came as far as the cathedral city, but petered out beyond that. Today there is no longer such a clear border for London exiles.

According to Petherick, "It used to be that if you went beyond Salisbury you paid lower prices, but that is not the case any more. The divide now would be west to the Dorset border, with prices beginning to be cheaper beyond Shaftesbury. Michael Wiggins at Lane Fox still does see some shading-off of prices west of Salisbury, but he agrees that it is now far less marked a barrier."

Nevertheless, even after the sharp price rises of recent years, he sees no reason to assume that Wiltshire property values are near their peak.

"Personally, I think there is no doubt that Wiltshire houses are still cheap. They are antiques. You couldn't build them for the price, and you couldn't get planning permission to build one today. All you can do is to add to a house, which is exactly what happened in the past."

There is a classic example of that on Lane Fox's books at the moment. Penleigh House, near Westbury, is a Jacobean farmhouse which had substantial additions in 1710, making it a six-bedroom, mainly Queen Anne family house in 4.75 acres with an adjoining three-bedroom cottage.

It is open for offers in excess of £400,000 and, if the sellers'

market runs true to form, the "in excess" is likely to be the operative part of that guide price.

The residential value of working farms in Hampshire and Sussex has long outstripped their agricultural worth, and there is evidence of a similar pattern of buying in Wiltshire. However Wiggins finds that "Most London buyers are not inclined to buy a farm to get the house." The lack of alternatives is persuading at least some incoming house hunters to consider buying more land than they might ideally like, to win a suitable property.

Nick Leeming of Humberts believes "The real shortage of properties is not so much

Few bargains

houses with two or three acres of land or houses with 100 plus acres, it is those with 10 to 40 acres, the short acreages that are in the shortest supply, and people who a year ago wouldn't have considered buying an agricultural estate are looking, and buying."

"My advice to any buyer who isn't a farmer is to leave that side to a management company. A City businessman can make a lot more money concentrating on the business he knows than trying to make a go of a farm." The combination of residential values and a return of private investment money to farmland has begun to have an effect on land values. Leeming says: "Agricultural land has had

quite an appreciation in the past 12 months. A year ago if you had put land on the market you held your breath, this summer it is selling again."

Farmland yields a shade over 4 per cent for an average mixed arable unit of about 400 acres, and starts to look interesting when set against even lower equity yields. The real returns rise sharply if you take account of the tax benefits of running your own farm, and the tax blurring range of cost offsets available when you can fairly treat your country house as part of a working farm. With that ammunition a good accountant can transform the real costs of running a property. As there is no shortage of loan capital to finance even substantial residential-agricultural estates, Wiltshire seems likely to become as popular an area for "toy farming" as its Home County neighbours.

Leeming also says that by no means every wealthy incomer is buying into Wiltshire life with the proceeds of a London house sale or the cash raised from some Surrey mansion. "London is the predominant influence, but there is strong local demand too from business people in Swindon and buyers from Bristol. There are growing companies all along the M4 corridor, and they are creating their own group of buyers."

Wiltshire's accessibility makes it prime weekend country. But there are few undiscovered bargains, and for every thatched cottage that comes on to the market there are a dozen people ready to make a nonsense of any agent's guide price. The result is that a disproportionate number of weekend-sized properties in the county now end up at auction, where to judge by some of the sale results this summer, it is anyone's guess where the bidding will stop.

Strutt & Parker's Robin Petherick suggests that, as the selling season is longer than it used to be, the only realistic option for weekenders is to be patient. Village properties do come up all the time, but you must keep your eyes open because they are selling so quickly. If people are prepared to take the trouble to go and visit throughout the winter season, from October to February, they may see a property at a time when there are fewer buyers about. But even then it's competitive, because having a cottage an hour-and-a-half down the road from London is what everyone wants. You can be there on Friday evening and back at work on Monday morning.

Humberts Residential

Two superb conversion projects being sold off The Badminton Estate
Wiltshire/Gloucestershire/Avon borders
Bath 7 miles, Bristol 10 miles, Chippenham 12 miles, M4 3 miles.



A range of traditional farm buildings—
including a Cotswold stone barn with outline planning permission
for conversion.
Extensive outbuildings. A pair of cottages for renovation.
Set in about 9 acres on high ground, totally surrounded by fields.
Offers are invited for the Freehold.
Further land may be available.



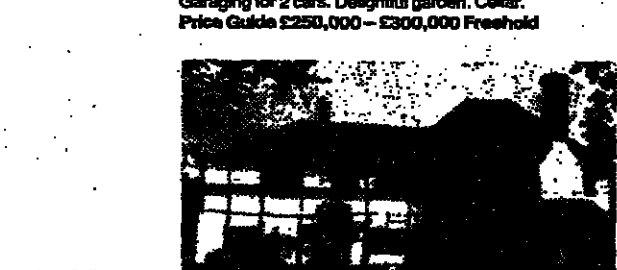
A Grade II listed Cotswold barn with extensive outbuildings having
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In a rural setting with superb views.
Proposed accommodation: 3 reception rooms, 4 bedrooms, 2 bathrooms,
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In all about 2 1/2 acres
Offers are invited in excess of £100,000.



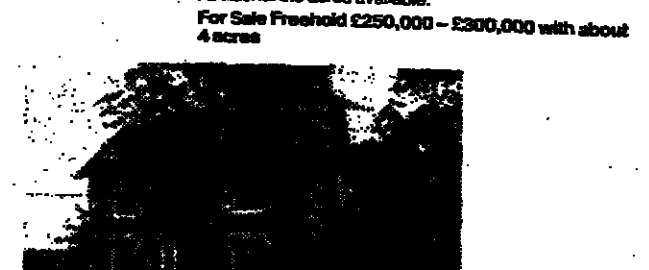
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Price Guide £250,000 - £300,000 Freehold



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M4 13 miles.
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4 acres



Wiltshire
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A Tudor house of great character in a peaceful village setting.
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Mature garden. Cotter.
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M4 6 miles.
A well-modernised 19th Century cottage in a peaceful rural setting.
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SAVILLS



HERTFORDSHIRE 129 ACRES

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The Manor of Groves.
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KENT About 80 ACRES

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 Listed 17th century farmhouse in fine rural position.
 3 reception rooms, 5 bedrooms, 2 bathrooms.
 3 bedroom cottage.
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 Also available 3 bedroom cottage with 2 1/2 Acres.
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BUCKINGHAMSHIRE 126 ACRES

The Chinnors
 Wendover 2 miles, Aylesbury 7 miles.
 Well equipped, riding establishment with a substantial principal residence.
 House with 3 bedrooms, 4 reception rooms.
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 M1 15 miles, Leeds - London (King's Cross) 2 hours 9 minutes.
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 In all about 2 1/2 Acres.
 For sale by private treaty.
 Savills, York. Tel: (0904) 20731



DEANERY GARDEN

Sonning-on-Thames
 Berkshire

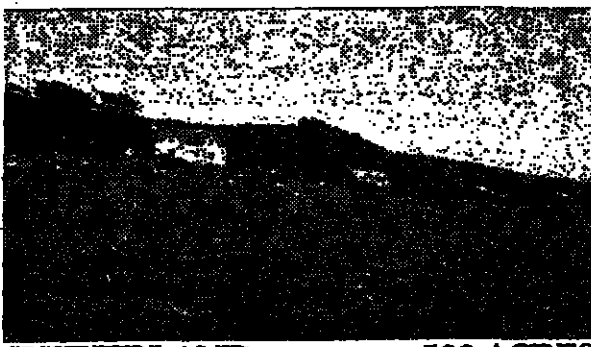
One of Sir Edwin Lutyens finest Arts and Crafts country houses
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 5 bedrooms, dressing/bedroom 6, 2 bathrooms. Oil central heating.
 Garaging, Garden.
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Born 1 mile, Inverness 62 miles.
 Highland estate with stone built house and 2 miles of white sand beach.
 500 acres of let land producing guaranteed income.
 House: 2 reception rooms, kitchen, 3 bedrooms.
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 For sale as a whole.
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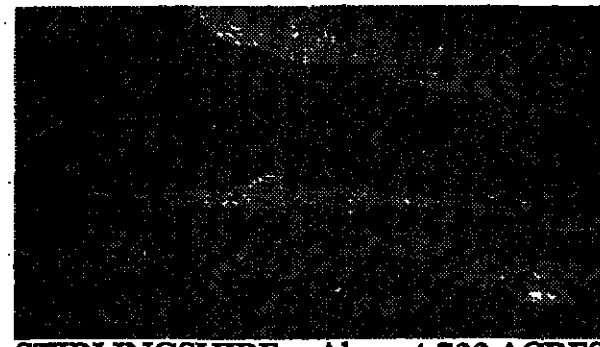
NOTTINGHAMSHIRE

Burton Joyce
 Nottingham 5 miles, Newark 12 miles, Grantham 20 miles.
 Grantham - London (King's Cross) 76 minutes, M1 junction 26 10 miles.
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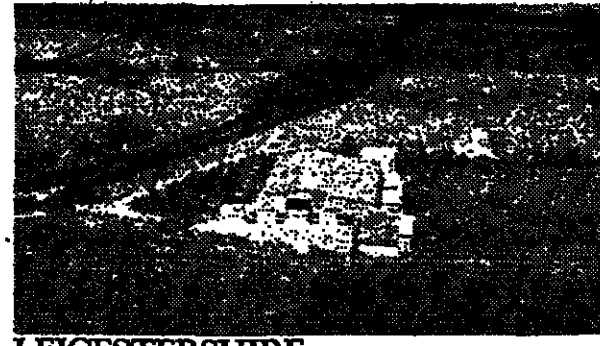
BUCKINGHAMSHIRE

Bourne End
 Beaconsfield 6 miles, Central London 27 1/2 miles, M40 (exit 3) 2 miles.
 Attractive Edwardian family house requiring modernisation, set in an elevated position with landscaped gardens and far reaching views over the Thames Valley.
 3 reception rooms, study, 5 1/2 bedrooms, 2 bathrooms, dressing room.
 Oil central heating.
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STIRLINGSHIRE About 4,700 ACRES

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 Attractive and secluded Highland sporting estate overlooking Loch Lomond.
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 Resident wild goat herd. Red deer stalking averaging 30 stags.
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SHROPSHIRE About 93 ACRES

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 Most attractive residential amenity and agricultural property with leisure development potential.
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 For sale as a whole or in 5 lots.
 Joint Agents: Bowen Son & Watson, Oswestry. Tel: (0691) 652367
 Savills, London. Tel: 01-499 8644



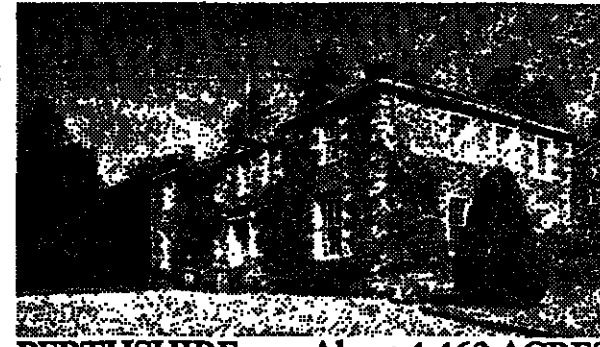
HAMPSHIRE About 50 ACRES

Meon Valley
 Alton Station 5 1/2 miles, Wincleslow 1 hour.
 Compact residential estate with fine outposts views.
 Principal house: 3 1/2 reception rooms, 5 bedrooms, dressing/bedroom, 3 bathrooms, 5 secondary rooms. Staff annexe.
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 5 bedroom coach house and yard (with potential). 2 entrance lodges.
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OXFORDSHIRE

Checkendon
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 Classic period farmhouse well presented throughout and standing in a glorious rural location.
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PERTHSHIRE About 4,460 ACRES

The Balmakelley Estate
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 Outstanding all round sporting estate with magnificent Georgian house commanding accessible situation at the Head of Strathay.
 House: 4 reception rooms, library, gun room, 9 bedrooms, 5 bathrooms.
 Central heating. Exceptional walled garden, policy woodland. Parkland.
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 2 Let farms producing £1390 p.a.
 317 acres arable and in byre, 56 acres woodland, 2,658 acres hill.
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 A Grade I Listed village house with secluded walled garden.
 3 reception rooms, 6 bedrooms, 2 bathrooms.
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 Offers around £325,000.
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A substantial Regency house providing extensive accommodation.
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Annexe, coach house with potential for conversion. Garden and grounds. Region £350,000.
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Tel: (0727) 40285

(Ref. 16AA0012)



HERTFORDSHIRE - REDHILL
Buntingford 4 miles. Baldock (A1M) 4 miles.
A charming period house with outstanding gardens and grounds. 3 reception, 4 bedrooms, bathroom & shower room.
Garaging for 4 cars, 2 horse boxes, tennis lawn.
About 5 acres. Region £260,000.
St. Albans Office: Crispin House Holywell Hill.
Tel: (0727) 40285

(Ref. 16AA0024)



HERTFORDSHIRE - HARPENDEN
London/St. Pancras 20 minutes. Central London 25 miles.
M1 3 miles. M25 8 miles.
A most attractive period style house with delightful formal garden, 2 reception rooms, 4 bedrooms, bathroom.
Double garage. Delightful well stocked garden.
About 1/2 acre. Region £315,000.
St. Albans Office: Crispin House, Holywell Hill.
Tel: (0727) 40285

(Ref. 16AA0023)



HERTFORDSHIRE
Mackerys End. Harpenden 1 mile. St. Albans 5 miles. M1 (R) 4 miles. A1M 5 miles.
An attractive country house with landscaped gardens in an outstanding rural location.
Large reception hall, 3 reception rooms, 5 bedrooms, 2 bathrooms, garaging for 2 cars. Heated swimming pool.
About 1/2 acre. Region £340,000.
St. Albans Office: Crispin House, Holywell Hill.
Tel: (0727) 40285

(Ref. 16AA0033)



WEST SUSSEX - NEAR HASLEMERE
Haslemere 4 1/2 miles (Waterloo 49 minutes).
A3 5 miles. London 43 miles.
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London office: 13 Hill St., W1X 8DL. Tel: 01-629 7282.
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(Ref. 16AA0033)



HAMPSHIRE - TEST VALLEY
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Salisbury Office: 41 Milford Street, Tel: (0722) 28741

(Ref. 78B 480)



BERKSHIRE - KENNET VALLEY
Newbury 3 miles (Paddington 45 minutes) Hungerford 5 miles. M4 (J13) 7 miles.
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Newbury Office: 55 Northbrook Street, Tel: (0635) 521707

(Ref. 14AA196)



PERTSHIRE
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Strutt & Parker, Edinburgh Office Tel: 031-226 2500

(Ref. 38C3065)



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M3 5 miles. London 10 miles.
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(Ref. 16AA0033)



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Joint Agents Messrs Fenwick & Co, 8 Cornard Road, Sudbury, Suffolk. Tel: (0787) 71223
Strutt & Parker, Chelmsford Office, Cowal Hall
Tel: (0245) 253201

(Ref. 2BD726)



WILTSHIRE
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About 6 acres. Region £250,000.
Salisbury Office: 41 Milford Street. Tel: (0722) 28741

(Ref. 7AB 459)



WILTSHIRE - NEAR SALISBURY
Shaftesbury 1 mile. Salisbury 12 miles. Andover 17 miles.
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4 reception rooms, conservatory, 4 bedrooms, dressing room, 2 bathrooms. Guest annexe with kitchen, sitting room, 3 bedrooms, bathroom and shower room.
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(Ref. 7AB 484)



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Joint Agents Knight, Frank & Rutley, 15 Cheap Street, Sherborne. Tel: (0205) 812323
Strutt & Parker, Salisbury Office: 41 Milford Street.
Tel: (0722) 28741

(Ref. 7BB482)



WEST SUSSEX
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(Ref. 16AA0033)



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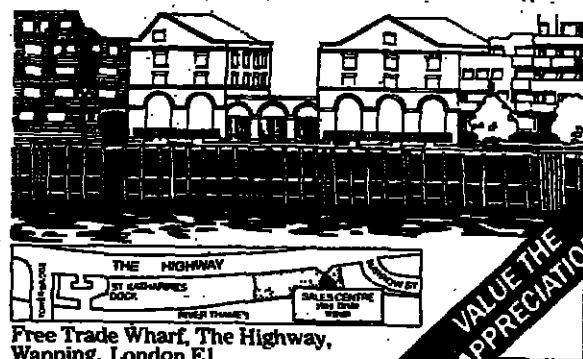
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PROPERTY

La Dolce Vita for every size of pocket

John Brennan on canny Britons who are buying Tuscan property

THE TYPICAL holiday villa or apartment close to sand and sea may be ideal for some. But the more discerning British buyers are turning their backs on the noisy night life and overcrowded beaches, preferring to mix their sun with the peace and tranquillity of life inland.

Tuscany used to be the province of romantically inclined writers and artists, a source of inspiration. Now, more people are discovering its charms and the delights of its southern neighbour, Umbria.

The "green heart of Italy," Tuscany and Umbria, once the epitome of style for the English aristocrat wintering abroad, are now rapidly regaining their popularity with British buyers seeking an individual villa in a more restful location.

Once the cradle of the Roman Empire—the ancient Etruscan civilisation is one of the earliest known in Western Europe—modern Tuscany, with its rolling olive-planted hillsides, lush vineyards and immense chestnut forests, has much to offer.

The visitor is struck by the subtle blend of traditional architecture and landscape. Viewed across the gentle hills and fern-clad countryside, the old Tuscan houses are as harmonious a part of the scene as the cypress and olive trees. To cap it all, the famous wine-growing area of Chianti lies at the heart of the region.

As a holiday or retirement area, few could do better than Tuscany and Umbria. They are sufficiently off the beaten track to ensure rural peace, but easily accessible by road or rail—around three hours' drive from the French border. And the coastline that inspired Byron and Shelley is not far away, with Florence on the doorstep and the ski slopes only an hour distant.

Many Britons have bought homes in this unspoiled part of Italy. Although there is plenty of property around, the market geared towards foreigners is relatively small and you will not find many estate agents' sale boards. Be prepared to tramp around the countryside to find what you want.

Every kind of residence is there—mansions, medieval cottages, town houses, derelict barns, even the occasional castle going for a song. Although land prices are no longer particularly cheap, buyers do get a lot of property for their money. Most homes have three or four bedrooms, spacious kitchen and bathroom, out-houses and up to 10 acres of land.

The characteristic old houses have thick stone walls, rustic



A typical unmodernised Tuscan farmhouse (left) costs £45,000. Renovated (right), it fetches £60,000



tiles and huge fireplaces. Many include the beautifully formed archways typical of the region. Also, as the world's finest marble is quarried nearby, the floor you walk on can be worth almost as much as the property itself. Some of the best buys nestle in the ancient hilltop villages, crowded with traditional pink-bricked buildings and winding cobbled streets. A substantial terraced house, with 6 in-thick walls and solid oak beams paved courtyard in front and garden with fruit trees behind, can still cost as little as £25,000.

A farmhouse on the hillside overlooking Florence, Siena or Pisa provides the owner with a choice of views and the sea is barely an hour away by car. However, the closer to Florence, the more expensive the property.

The range, for Tuscan prop-

erty is £10,000 to £15,000 for a tumble-down cottage and around £50,000 for an abandoned farmhouse, ripe for renovation, standing in around four acres of ground in open countryside.

Some of the tiny town houses and derelict barns can be found for less than £10,000, but they will require a great deal of work. So check that consents have been given for restoration before signing the agreement. As a rough guide, you should double the purchase price to allow for conversion from a dilapidated country property to modern, sound and dry accommodation with kitchen and bathroom. For winter-time occupation, some form of heating would be essential here.

In the green hills of the Chianti country, at the region's heart, small vineyards can be

supplanted for below £50,000. They usually include a derelict house, stables and out-houses. Although good arable land is not cheap, there is scope for an intrepid Briton, with the necessary winemaking expertise, to establish a workable operation.

A possible problem is water. Not all Tuscan properties have this (or electricity, either). The nearest source of supply could be miles away, so it is important to check at the outset that this necessity is easily and readily available.

On the other hand, there are superb country estates costing more than £500,000. All pockets are catered for. At the upper end of the scale, London agent John Wood recently was asking £85,000 for a 17th-century Tuscan farmhouse, extensively restored but still retaining its original features, surrounded

by 5,000 sq metres of woodland. (John D. Wood, London office, 01-629 9054).

One new project incorporates traditional village life with the comfort of 20th-century living. Castelfalfi, a medieval village once owned by the Medici, has been transformed into a 4,500-acre residential estate with tennis courts and golf course.

The ancient buildings have been converted sensitively into modern self-contained units with every effort made to retain the original features and preserve the architectural details. One-bedroom apartments range in price from £35,000 to £85,000, while three-bedroom duplexes fetch closer to £140,000. Chesterton Overseas, based in London (01-497 7244) is the agent for this development.

Several offerings in Tuscany

are on the books of Brian A. French & Associates, an estate agent from Knaresborough, North Yorkshire. The firm handles a tremendous variety of property, from ruins to the fully renovated. Prices range from around £7,000 for a rural stone cottage in deepest Umbria, set in an olive grove and in need of renovation, to £300,000 for a fully-restored medieval castle, perched on a wooded hilltop overlooking its own 15 acres of vineyards and orchards.

For something less extreme, but just as interesting, French offers a flat in a converted 13th-century monastery. The Abbey of San Faustino has been restored carefully and converted into modern self-contained apartments selling from £38,000 to £60,000 for units with two and three bedrooms. Tennis courts and swimming pools are available in the old monastery grounds for the exclusive use of owners.

Or, how about the substantial village house for sale in Collodi (where Pinocchio was raised) with its honey-coloured stone walls, paved terraces and beamed ceilings, fully modernised, for around £35,000?

The typical Tuscan farmhouse, stone-built with a red-tiled roof, full of character, with big open fireplaces and magnificent arches and a couple of acres of land around, costs from around £60,000, after being modernised. A similar property in the raw state would probably fetch around £45,000.

Other estate agents who specialise in property in Tuscany and Umbria include regional specialists John and Lillian Turnstall, of Italian Properties, based in Ekeington, Worcestershire (0586 750133); Rainbow Properties, Milton Keynes (0908 567707); and IPI, 34 Ship Street, Brighton (0274 774088).

These agents are able to offer a complete service to buyers including financial and legal advice and detailed local information. They can also supervise restoration and manage rentals.

The region is serviced by two international airports, Florence and the rapidly expanding Pisa. There are direct flights from London (Heathrow and Gatwick), Birmingham, Manchester and Glasgow. Prices of return flights vary according to the time of year. Alitalia's cheapest fare, its super Apex, is around £150 return.

Villa holidays in Tuscany are popular with the British during May to October. Rentals on properties can fetch anything from £150 to £200 a week, depending on size, location and time of year.

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TRAVEL



Skiing in Killington, Vermont: provision for the macho with a wickedly steep mogul field

Stateside snow business

FROM THE windows of the condominium the snow looked mushy, but Americans are more scientific in these matters. On the early morning television, Channel TV8 was supplying the local skiing forecast—sponsored by Country Kitchen Bakers—and the conditions, it said, were "wet granular."

This, it transpired, meant snow granules softened by a thaw and was not to be confused with loose granular or frozen granules. In such ways one learns that Americans have their own style for the slopes.

Just as motels offer "courtesy coffee," so resorts boast piste politeness. The jostling of European lift queues is almost unknown; patrols have the power to cancel the lift tickets of manic skiers, and "snow hostesses" proffer "meet the mountain" tours. The ill-mannered draglift is virtually an extinct species—instead there are such well-behaved chairlifts as the "detachable high-speed quad," where seats four and skiers for dignified take-offs and landings.

Europeans tend to think of American skiing in terms of the Colorado Rockies, but there are 550 resorts across the US and another 250 in Canada. Fifteen of these are linked with Ski USA, an umbrella marketing organisation, and last spring I visited four—two in the north-east and two in the west—to gain a snapshot impression of the diversity of US skiing.

The contrasts in style are not just with Europe but across the continent. In the officious east, notices pinned to the chairlift pylons command: "Close lift bar—Vermont State law." In care-free California there may well be no safety bar to close, you swing on your perch like a precarious parrot.

Unlike the balacava brigade in the often bitter east, your suntanned Californian companion may be dressed like a warrior. The more discreet wear Hawaiian shorts without the garlands.

The coldness of the winters in the east gives the lie to any belief that American skiing is just for sybarites. The condos (no other abbreviation is acceptable) may have cable TV, saunas, jacuzzis and health clubs offering "body composition analysis." En route, though, as one drives past New England's maple woods and post-colonial houses with satellite dishes planted in the gardens like overgrown fungi—roadsides warn of the severity of the weather: "Bridge freezes before road."

At Killington in Vermont, one of the best-known New England resorts, cautionary notices say: "The mountains will be just as cold and lonely tonight as they were 200 years ago. Do not ski alone." Some-

where out there, black bears wait.

The highest of Killington's six linked mountains is only 4,241 ft, although this efficient resort manages to have 17 lifts and 100 trails (pistes), including the Juggernaut, which trundles through the woods for 10 miles. For the macho there is a wickedly steep mogul field called Outer Limits.

Despite its low altitude, Killington stretches its season from October to June with a combination of a turbocharged night life and artificial snowmaking. The man-made snow can be an acquired taste—in the warmer weather of late March the snow was a passable imitation of cream whip. So determined is the resort to carry on skiing when the snowfall turns to drizzle, it issues free plastic rain jackets.

Lake Placid, set amid the Adirondack mountains in New

York State, is another resort suited to metropolitan weekenders or to travellers to the US who can schedule a few days' skiing. Both places are within reasonable driving distance of Montreal, Boston and New York.

On the strength of hosting the 1932 and 1980 winter Olympics, Lake Placid bills itself as "the winter sports capital of the world." The alpine skiing, on Whiteface Mountain, is almost a sideshow to the ice-skating rinks, bobsled and luge runs, cross-country trails and ski jumps.

The downhill skiing is from a maximum altitude of under 4,500 ft, and with no more than eight lifts and 28 trails. The Olympic Regional Development Authority, which runs the resort, says with precision that artificial snowmaking covers "93 per cent of the skiable terrain."

Nearly half the runs—with views over the hills and lakes of a 6m-acre state park—are graded expert.

But at Lake Placid village, all is fostered folkiness with immaculate weatherboard houses nestling among birch and pine trees. A real estate broker offers aerial inspections. The main street borders Mirror Lake, a sheet of ice even in late March, criss-crossed by the tracks of dog sleds (strictly for tourists).

Out west, at Lake Tahoe, at the south end is Heavenly Valley, which calls itself "America's largest ski resort."

The town straddles the state line on the Nevada side there are casino hotels in a Reno-style strip; on the Californian side there are "adult" motels which offer "hot spa, free coffee and donuts, water beds and Queen beds."

The slopes, rearing up behind the strip to over 10,000 ft, are as spectacular as the town is tacky. The two states are draped on either side of the mountain range. On the Nevada side it is open skiing among scattered, stunted trees and rocks; thousands of feet below is the bare brown plain of the desert. On the Californian side the runs are between soaring Ponderosa pines and Douglas firs, high above the untruffled lake.

It is a fun-in-the-sun atmosphere, but the skiing can be tough. Mott Canyon for "super experts" is described as a "highly unstable area... steep bowls, canyons and chutes." One takes their word for it.

Two of the hardest mogul runs are nearest the bottom: East Bowl and Gun Barrel. The resort suggests that, at the end of the day, you "download on the Gun Barrel"—ie, descend on the lift. If you don't, any tumble will be embarrassingly public—"spectated," as Americans say, by

hundreds of college kids swinging beer and cola at the base lodge (modestly described by the resort as possessing a "truly western ambience to rival any drinking establishment this side of the Mississippi").

At the north end of the lake, Squaw Valley draws a similar clientele. It was the home of the 1960 winter Olympics and prides itself as a 21st century ski resort, extolling its piste grooming and 27 lifts.

As at Heavenly there is no need for man-made snow: average annual snowfall is some 97 feet. In mountain lodges called Gold Coast and High Camp you can eat curried chicken with banana slices and nuts, or take advantage of the "spacious brown bag room."

Compared with Heavenly, Squaw Valley—which is where the Washoe women once lived—has more open bowl skiing, spread below six peaks with names like Red Dog and Broken Arrow. The challenging runs include what is described as the "legendary KT22 from 8,500 feet."

We skied it on a day when there was fresh snow, and people to ski it took 22 laborious kick-turns (stopping to turn the skis) to descend through the rocks and trees.

We skied it on a day when there was fresh snow, and people to ski it took 22 laborious kick-turns (stopping to turn the skis) to descend through the rocks and trees. It felt an achievement to get down neither scalded by the rocks nor in a ditch because of the snow. On the Californian side, Squaw Valley shows why the US is a happy hunting ground for European skiers who can afford it.

Gerry Manser, a partner in American Dream, the independent US company which specialises in US skiing holidays, says: "We are aiming at the top end of the European market—trying to collar the Swiss market which is getting more and more expensive." In other words, even wet granular man-made snow is preferable to no snow at all.

Further information on resorts from Ski USA, Bewl Productions, 50 Elmwood Avenue, Suite 1102, New York NY 10011, American Dream (tel. 01-470 1181) has about a dozen destinations with prices from \$449 for seven days.

Among other operators, Intersun has two US destinations this year from \$499. TWA (01-636 4999) and Pan Am (01-409 3377) fly from the UK to several ski gateway airports: Continental Airlines Tours (tel. 0203 776791) has eight destinations with packages from \$499 for seven days in Aspen. It is best to take boots but not skis: good skis can be hired for under \$50 a week.

Annalena McAfee visits Umbria, known as the green heart of Italy

Scenery for saints and sinners

LIKE THE Dordogne, Tuscany can sometimes seem like a Continental Cotswolds. Some Britons have gone native and live there permanently: some spend half the year there and others swear they would never take their annual leave anywhere else. But the neighbouring region of Umbria seems to have been overlooked by the new colonials.

This landlocked cluster of remarkable medieval towns set in mellow countryside has somehow largely escaped the attention of tourists and second-homeers. First-time visitors are torn between a desire to hug their secret to themselves and an evangelical urge to spread the word: "Hurry now while stocks last."

Bordered by Emilia-Romagna, Latium, the Abruzzi and the Marche, as well as by Tuscany, Umbria is known as the cuore verde, green heart of Italy. Its mountains, hills, lakes and streams have a sense of mystery and a resonant light which recall the haunting paintings of Samuel Palmer. This is a landscape which has inspired visionaries, fostered a tradition of asceticism, and harboured many hermits and monastic communities.

Umbria's less celebrated ecclesiastical figures include Saints Felice, Fidenzio, Terenzio, Faustino and Illuminato. None was the birthplace of St Benedict, who founded the first monastic order. In Cascia there is a sanctuary to St Rita, patron saint of the impossible, who has been adopted by women enduring unhappy marriages. A recent survey claimed Rita to be the most popular saint in Italy. Her converse, St Valentine, patron saint of lovers, is buried at Terni.

But Umbria's best known saint, indeed the patron saint of all Italy, rests in a beautiful town more spiritual than secular, spread across the slopes of Mount Subasio and crowned by its magnificent arched basilica.

Here, foreign visitors are pilgrims rather than tourists, paying homage to the 13th-century playboy-soldier turned mystic who espoused the poor, loved animals and founded his eponymous Franciscan order of monks.

A century later, in the town of Todi, which graces a hill above one of the Tiber's dead, a young man forsook his wild ways for the monastic life. It must have been quite a party: wedding guests were dancing so

enthusiastically, legend has it, that the floor gave way and several were killed. When one of the revellers, Jacopone Benedetti, rushed to the body of his dead wife he discovered that beneath her party clothes she was wearing the hair shirt of a penitent.

She had been, unbeknownst to him, a follower of St Francis, one of a growing group who believed in carrying on the saint's work by self-mortification. At that moment, Jacopone, the hell-raiser was converted. Thus was Todi's most famous son launched on his career as Franciscan Brother Jacopone, religious reformer and possibly the first protest singer. Jacopone's last, prayer ballads survive today, many expressing his rebellion against the Vatican.

Founded in about the 5th century BC, Todi is ringed by the remains of three walls—Etruscan, Roman and medieval—creating an atmosphere part cloister and part garrison.

The town's symbol, the Aquila Tuderte, the eagle of Todi, recurs on many buildings and is prominent in verdigrised bronze high on the facade of the Palazzo dei Priori.

Facing the palazzo, in the Piazza Maggiore, considered to

be one of the most beautiful squares in Italy, is the 13th century cathedral dedicated to the Annunziata. The interior is rather austere and faintly disappointing, apart from a sporting imitation of Michelangelo's Last Judgment by da Vinci and a startling 14th century painting on wood of the Madonna and Child from which the Virgin's face emerges in bas relief.

Far more rewarding is the 13th century crypt from where I thought I heard the sound of ghostly plainsong. I emerged upstairs to find that a workman engaged in restoration had begun sawing away at a length of wood. The acoustics of this grand edifice had converted the sound into something approaching that of the chant of monks at prayer.

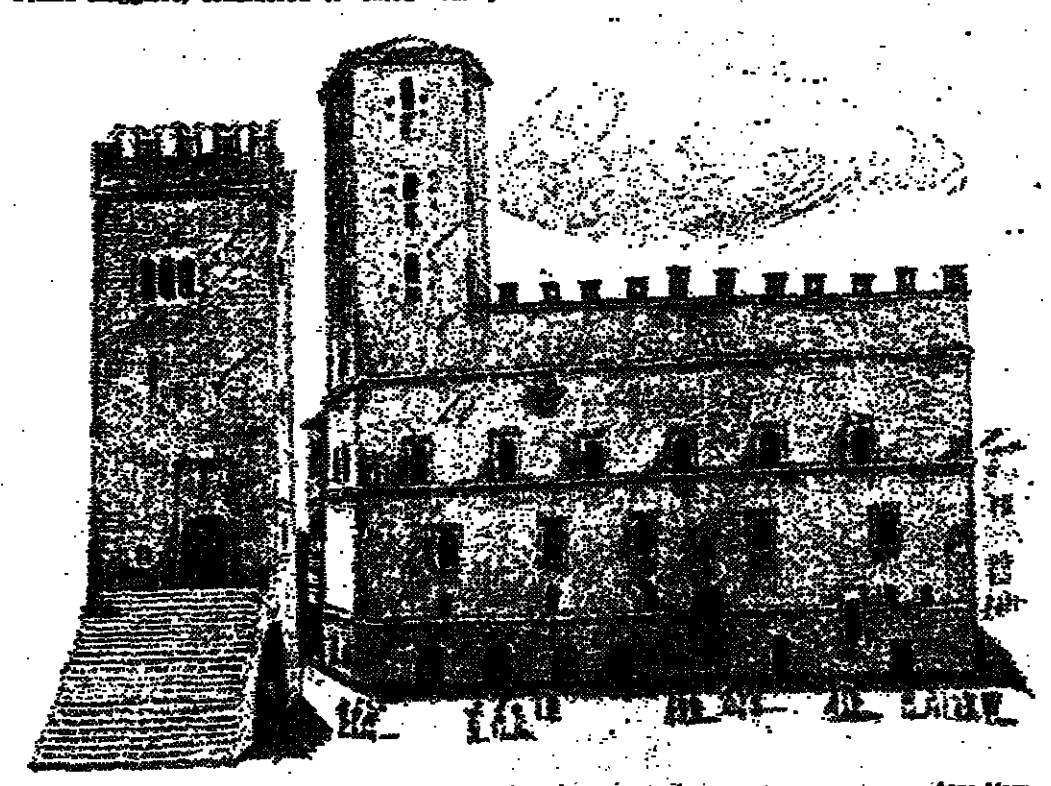
Todi's typically medieval streets are crowded with churches, seminaries of different orders. Later stayed in one of these on his way to Rome and St Philip Benizi, one of the members of the Order of Servants of Mary, died while preaching here. Breaches in the grand edifice had converted the sound into something approaching that of the chant of monks at prayer.

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summer the fields bristle with vast tracts of sunflowers. Set on the outskirts of the town is the domed Temple of Consolation, a serene late-Renaissance church which curiously recalls the work of Wren. From the surrounding countryside, Todi is dominated by the belltower of the church of San Fortunato. Here, in the cool of the crypt, lies Jacopone, interred in a handsome sarcophagus.

Across the valley, in a converted 19th-century convent, it is possible to stay in "Jacopone's Cell." This is one of the rooms in the San Valentino Hotel and Sporting Club, which features an original fresco of the crucifixion above the hotel reception desk. Brother Jacopone might take pleasure in the landscaped grounds; he may even overlook the tiny swimming pool, but I cannot think he would approve of the cocktails served in the crypt chapel, let alone the mini-bar in his cell.

● Magic of Italy (01) 743-9990 offers one week in a double room in the San Valentino Hotel for £487 per person including return flight (via Rome) plus hire of a car for one week.



The Palazzo dei Priori in the medieval town of Todi

Anne Morrow

This week: Villa Corner della Regina, Veneto

Exquisite exile

of Italian aristocracy: Count Nicola Dona dalle Rose, who converted it into an hotel in 1983, comes from a long line of Venetian Doges.

Suites in the villa itself are large, comfortable and very pretty. Barn-door sized shutters open onto endless garden vistas. The decor combines simplicity and opulence: plain linen, a touch of lace, solid traditional furniture, and ornate marble-topped tables.

Old prints and portraits reinforce the impression of a stately home still inhabited by the original family, as does the vast drawing room, eccentrically hung with candy pink stripes like a marquee. The dead hand of corporate good taste has, thankfully, never ventured here.

Breakfast in the Villa Corner is like dining in a large conservatory. French windows lead on to velvet lawns and piped music—the only acceptable kind—is provided by the birds. Lunch is served by the pool and the villa's own Prosecco white wine—light and sparkling—is sipped overlooking its parent vine.



Touch of class

The hotel manager, Emerico Samassa-Mayer, author of books on deep-sea fishing, treasure hunting and Africa, also advises that the Prosecco makes an excellent start to dinner—"it is so light you can drink as much as you want without getting a hangover."

In many hotels that operate on a half-board basis, dinner seems to be an afterthought, borne out of duty. Not so at the Villa Corner, where Italians

travel considerable distances for the privilege of indulging in the same fare as that enjoyed by residents.

So enveloping is the peace of the hotel that many visitors use it as a restful base from which to explore Venice, less than an hour away by car. They argue that for the same price they can end up buffeted by fellow tourists in the heart of Venice, in a tiny room in a hotel with harassed staff serving indifferent food.

The hotel is also within touring distance of many other worthwhile centres including the walled town of Castelfranco, with its cathedral altarpiece by Giorgione; the university town of Padua, with its remarkable cathedral of San Antonio; the stateries and stalagmites of the caves of Olerio and, of course, Katherine's other compensation—Asolo. Poor Katherine, indeed.

● The Villa Corner della Regina, 31050 Cammagra di Veduggio, Veneto, Italy. Tel. (01039) 423-481-481. Telex 433391 Corner 1. Booking can also be made through British operator Magic of Italy: (01) 743-9900, which offers one week half-board from £769 per person including return flights with Orton.

Annalena McAfee

Feathers and fetishes of an old empire

LA ROCHELLE on the Atlantic coast was one of the great ports of France. From Jean de Béthencourt who went in 1402 to conquer the Canaries, to the pioneers in 1887 of the Ivory Coast (commemorated in a 1937 Art Deco statue with elephants) the Rochelais explored, conquered, traded and were privateers. The sea brought riches and skills—as it did to Bristol—and new ideas, notably Protestantism. La Rochelle became the Huguenots' stronghold.

But religion and capitalism fell in 1628 to Rochelle's avowed enemy, Louis XIII after a famous and ghastly siege. Bodies covered the streets when the king entered the city, as there were not enough able survivors to bury them. The English had failed in attempts to rescue the Rochelais.

Another blow came in 1685 when the Edict of Nantes was revoked. The remaining Huguenots fled when deprived of religious toleration. (Like the immigration of 1933, it was a boon for Britain.) But in the 18th century the city's fortunes picked up with the growth of the sugar plantations in the West Indies and of trade with Louisiana, even though

the loss of French Canada to the British was a dampener. La Rochelle today is a sophisticated town, mercifully little changed since the 18th century—and with many older buildings.

Two museums illustrate the travels and trade of La Rochelle. The less obvious is the Lafaille Museum, a crepuscular and unreconstructed museum of natural history and ethnography. Packed with shells, rocks, stuffed animals and tribal art from all over the world, it is one sort of museum that we go to France for: a thoroughly satisfying dark break from the bright, well-labelled, all-explained displays, which are no educational and oh so good for us.

Here treasures galore collected by the Rochelais await discovery, whether tribal skull cult, a stuffed chamois on plaster rockwork or the ethnography of Melanesia. I liked best the classical staircase with a giraffe on the half-landing and hippo skulls on the balustrade; a striking female statue from Mali with a head ridged like a house; and a fetish man from the Ivory Coast, stuck with nails, holding

Treasure Trove

a spear, and with his vital organs in a box on his stomach.

The Museum of the New World in the finely restored Hotel Fleuriat is quite different. Opened in 1982 to celebrate 300 years of Louisiana, it is well lit and well displayed and sets out to teach the lessons of how much the French achieved in America and of the impact of America on France, especially valuable for Anglo-Saxons who forget the sea lanes to the south.

Rochelais ships went to Canada, Nova Scotia, Louisiana, Guayana and the Caribbean. From Africa they took slaves, not just curios. There is a picture of Moors catching the slaves. And a gilt Empire clock has a negro on a ship. Many slaves went to the sugar plantations. A picture by A. Solais shows a fete champetre on a plantation, the big house dominating the background. La belle France is transferred to the wild, as whites and blacks disport themselves. One's first thought is of a new natural order. But at a closer look, the

whites sit, the blacks carry and

So old standards were still to be maintained in this New World harmony. And Crusoe and Vendredi (Man Friday) were popular on prints in France: they knew where they stood with each other. Even in religion things were not equal. A missionary is painted making his way through an Amazon forest—carried in a litter.

What mattered most to the Rochelais was the wealth of the New World. The Hotel Fleuriat itself is one sign. Elegant and comfortable, it was built by money from sugar farming. There was also the exotic wealth. Tapestries and pictures revel in the gold and pearls, parrots and alligators, and native princesses. The most telling symbols are feathers—worn by the Indians but with intimations of the vanity of the peacock, and of classical worlds—and complex nudity.

Innocent, rich, primitive America brings wealth to Europe. And Europe—as far as La Rochelle was concerned—knew both how to relieve America of its surplus, and to send the life of the chateau to the sugar farm.

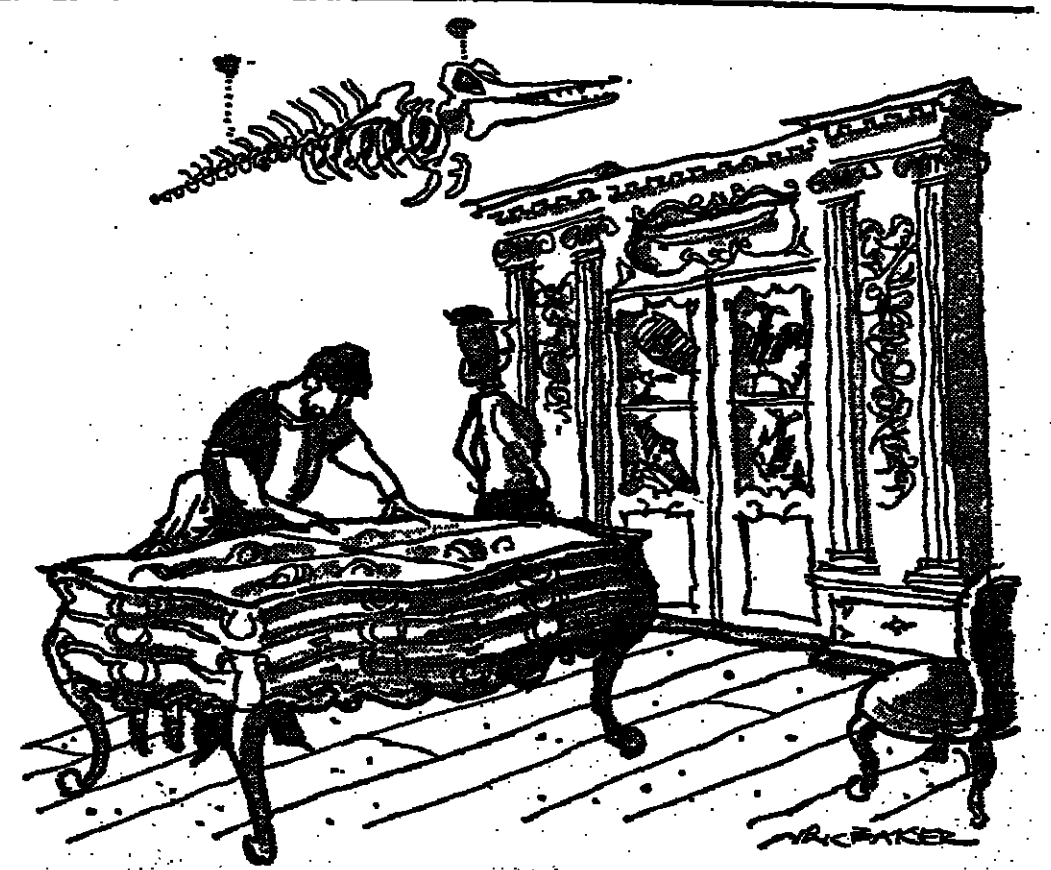
An essential for securing this wealth was rope. Twenty miles to the south at Rochefort the great naval arsenal that Colbert founded for Louis XIV is being restored for the public. The ropeworks is magnificent—a one-storey chateau over 400 yards long—and has been done magnificently. (Europa Nostra gave it a medal this year.)

The museum inside, with advertising displays of technology for the America's Cup and photographs of the Chatham ropeworks, is a disappointment. It was not worth 15 francs a head, but perhaps the money goes to the restoration.

Rochefort is a 17th century town, laid in tidy blocks and most attractive. The exotic writer and traveller Pierre Loti came from there. His house is now a museum, which there were not time to see. A pity, since he built himself a mosque!

● La Rochelle: Lafaille Museum shut Mondays; Museum of the New World shut Tuesdays; Rochefort: Loti House shut Tuesdays. Both towns have other museums.

Gerald Cadogan

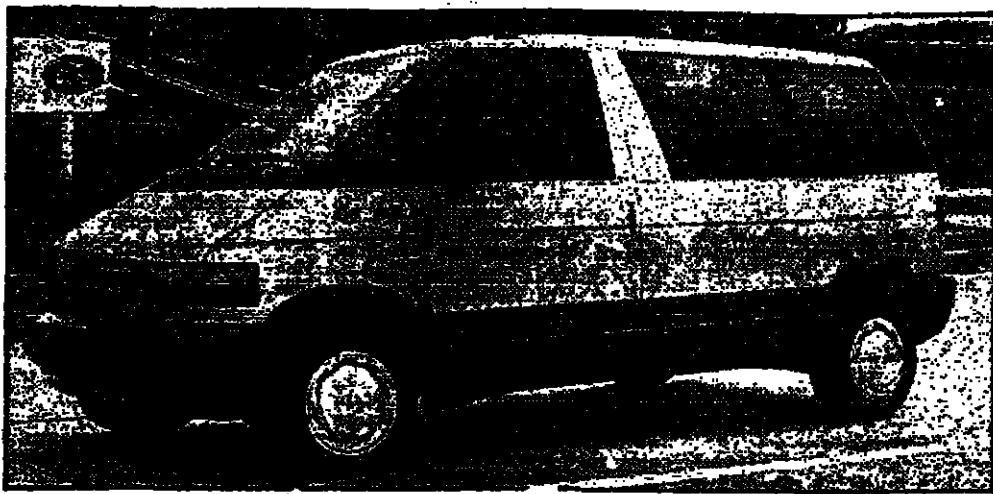


The Lafaille Museum of natural history and ethnography, La Rochelle

DIVERSIONS

Motoring: Stuart Marshall previews Frankfurt and looks to the 21st century

High on chips and low on fuel



Ford's HFX Aerostar... it can even display messages to following traffic



The Renault Vesta 2... ultra-economical but still a practical small family car

WILL THE family car of AD 2000 be a microchip-cramped six-seater—or a compact, ultra-lightweight four-five seater with so modest a thirst for fuel that it makes today's economy cars look like dinosaurs?

Much, of course, depends on whether there is a repetition of the oil crises of 1974 and 1979. Perhaps there will be room for both—the big one in the US, the small and super-frugal one in Europe, where we expect to pay through the nose for our petrol.

The alternatives are among the most interesting exhibits at the vast Frankfurt Show which opened yesterday.

Ford's HFX Aerostar is a \$7m design concept based on a popular "one-box" people carrier. It looks like a cross between a Transit van and a Renault Espace. Apart from its 26 on-board computers, it has a sonar system. This peeps in an object such as a lamp standard or another vehicle is too close or in the Aerostar's blind spot.

The computers—one prays they never go wrong—control engine management, anti-lock brakes and wheelspin control system, automatic transmission and self-leveling air suspension. They provide all kinds of information graphics for the driver. A panel on the rear will flash short messages to following traffic such as "Out of gas." Others like "You are too close" come to mind.

The HFX will never be built though some of its systems will be appearing before long in cars in the US. Elaborate electronic displays have greater appeal to the motoring public there than they do here.

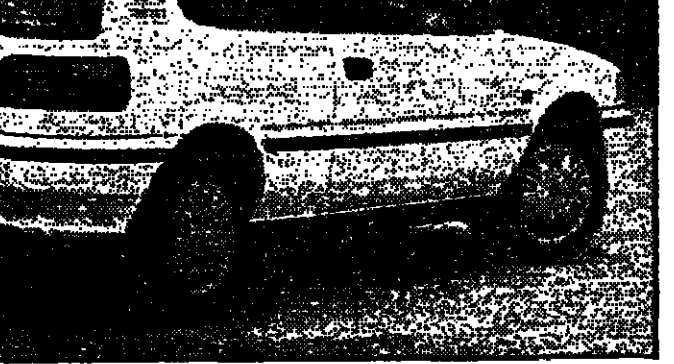
Renault's Vesta 2 is also purely experimental but future volume products must benefit from its fuel-saving features. A family car that will return 145 mpg (1.94 litres/100 km) at an average 62.7 mph (101 km/h) on the Paris-Bordeaux auto-route sounds like an impossible dream—but the Vesta 2 did it recently, admittedly in expert hands.

Vesta 2 has a 716cc capacity three-cylinder petrol engine and five-speed gearbox. Renault toyed with a CVT (continuously variable transmission) but decided it could not quite match the fuel efficiency of a manual gearbox.

Pneumatic suspension keeps the body at a constant height which is vital if aerodynamic drag is to be minimised. Above all, the Vesta 2 is light, weighing less than a Citroën 2CV or even a Fiat 126.

Turning from future prospects to present-day realities, Frankfurt maintains its reputation as the German motor industry's shop window. This year, BMW has upstaged Mercedes somewhat by presenting a long-awaited four-door estate car version of the 325i and confirming that the 71 convertible roadster will go into production. The magnificent V12-engined 750i is also making its Frankfurt debut.

The 325i Touring has a luxury specification. In the words of Paul Layzell, BMW GB managing director, it is no plodding load carrier but a car for the 3-series enthusiast who requires greater flexibility for his leisure activities. It comes to Britain next spring. The price must be in the pole-playing rather than wind-surfing brackets.



Eight brand-new Toyota Camrys went on sale in Britain this week and the ninth—an estate car—reaches the showrooms next month. They range from a 1.3-litre, three-door GL hatchback (pictured) at \$5,999 to a 16-valve, 1.6-litre GT-4 that is a rival to cars like the Golf GTI, Peugeot 205 GTI and Escort XR3i at \$9,990. The range includes a GL four-door saloon at \$7,249 and three-door and five-door automatics at prices from \$7,460 to \$9,990.

The 1.3 GL hatchback and saloon that I drove in Luxembourg and Germany last month impressed with their refinement, lively performance and good ride, but most of my driving was in the GT-4. Power-steering and on low-profile tyres, it handled beautifully on winding, hilly roads and felt untrussed on the autobahn at 180 mph (193 km/h), even though the engine was spinning at 6,000 rpm.

Despite its twin overhead camshafts, it was so quiet at tick-over that I thought at first it had stalled. Toyota's mastery of multiple valves is

matched only by the silkiness of its gear shifts. In appearance, the three-door hatchbacks and four-door saloon are clean if a little bland. But the five-door hatchback, which Toyota insists on calling a liftback, is distinctively different. It has an aerodynamic spoiler merging neatly into a very large and curving back window.

The interiors are elegant in the European manner and the equipment as comprehensive as you expect of a Japanese product.

Two years it has offered one for the driver's seat at a cost of £1,100. A seat belt still has to be worn but the air bag, which inflates instantly at the moment of impact, makes facial injuries less likely. For the time being, the front passenger air bag will be offered only on the S-Class saloons.

The Mercedes 230CE and 300CE coupes based on the mid-range 200/300 saloons are now available in Britain. I drove one out to Frankfurt and made the return journey in its flagship model, the V8-engined 500SEL saloon. More of this next week. Also new from Mercedes—a version of the cross-country G-wagen with the same five-cylinder, 2.5-litre diesel engine as is used in the 190D and 250D models.

Exhibitions

Follow the van...

IF YOU have wondered how a 1950s cocktail cabinet was made, go to the Geoffrey Museum in London's East End. Nathan Rosenberg, now in his 80s, will reveal all, courtesy of a three-minute video.

If his boat-shaped tour-de-force in bleached burr walnut is not to your taste, there is, say, a "Chinese" lacquer cocktail cabinet designed by Mrs. Ray Ellis in 1918, or Doris Young's mahogany dressing table made for her daughter in 1959. Its drum containers are topped with purple formica to defy the ravages of nail varnish. All three are part of a fascinating documentary exhibition that traces the fluctuating fortunes of the East End furniture trade from 1830 to the present day ("Furnishing the World," Geoffrey Museum, Kingsland Road, E2 8AA, January 3-1988).

The display is a social history of a trade and its workforce, told through photographs, working and presentation drawings, trade cards, bills, indentures, furniture catalogues and, of course, examples of East End furniture, reproduction and modern.

The exhibits bear witness to a remarkable collaboration between local museum and locality—not just from furniture-makers and their families. Every day bundles of new material dug out from dusty drawers arrive on the curator's desk. No project could be more appropriate to a museum that was established in a group of 18th-century almshouses in 1914 to enable East End furniture-makers to study historic furniture styles. (Today the furniture collection is presented in a doll-house series of seven period rooms, 1600-1930.)

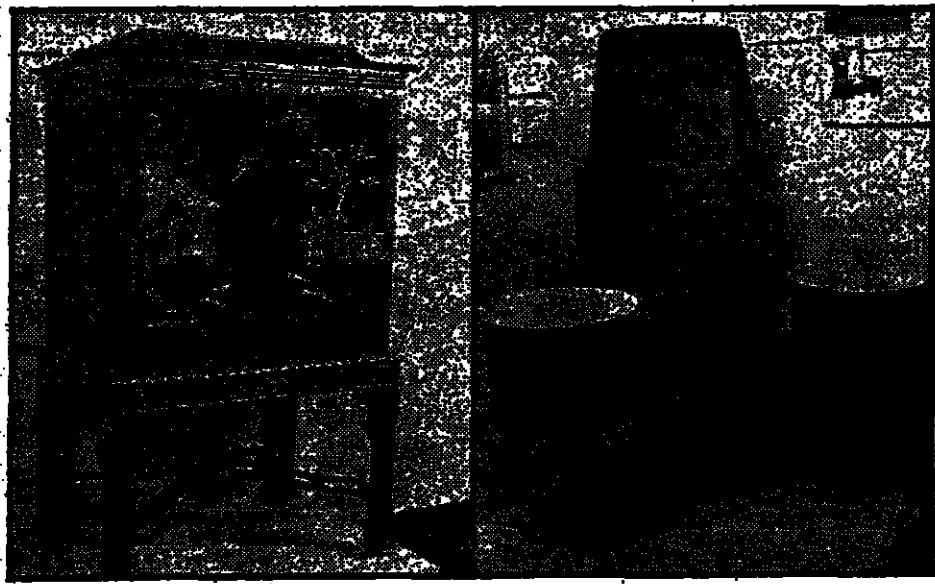
In 1850 Henry Mayhew recorded that 200 miles of new streets had been built in London since 1830, and 6,405 new dwellings erected annually thereafter. As the population increased so did the demand for cheap furniture. Now that timber was imported from the Baltic into the London Docks

(the furniture trade no longer destroyed Epping Forest), Shoreditch, Hoxton, and Bethnal Green were well sited for furniture making. In cramped quarters and with few tools, furniture-makers set themselves up as "garret masters", employing up to seven men each. By the 1870s, thousands of workshops honeycombed the alleyways of Curtain Road, East End had supplanted West End as the centre of the London furniture trade.

Undercutting West End prices meant sweated labour. Traditional cabinet-making was divided into specialised skills, which would all be carried out on the same premises, while

East End workshops tended to produce only part of a piece of furniture, wooden tassels for curtain ties, say, or rims of coffee tables. That way, garret masters could employ cheaper unskilled labour. (From the 1890s the already vast labour force was swollen by an influx of immigrants, mostly Polish and Russian Jews, many of whom possessed furniture-making skills.) Despite the use of unskilled workers, the furniture produced was often extremely accomplished. On show, for example, is a high quality "Chippendale" chair by Z. & R. Richard of around 1900, introduced in the late 19th century but only widespread during the inter-war years.

the retailer, and an elaborate "Adams" style commode by Hermann and Phillips of 1920. The producers were the "furniturehousemen", either retailers who had shops in the West End—such as Maples or Heals, and often bought direct from the garret masters—or wholesalers who had huge warehouses in Curtain Road. Buyers came from across the globe to import their wares. Furniture was even made specifically for export, including sideboards that could be folded flat to make a 10 inch package. A godsend to the trade was hire purchase, introduced in the late 19th century but only widespread during the inter-war years.



In the wake of Jonah

DISASTER CAN be a silver-lined cloud for a seaside resort. One bleak summer our rocky south Wales coast scuttled a pleasure steamer.

The passengers rescued last by rowing boats had sea sickness. Memories of that ship haunted me as I boarded its successor several years later. A family I knew had sailed on the last voyage of the doomed vessel. When the local press interviewed them they refused to give their children's names. It had been their son's first trip. His name was Jonah.

My daughter being Estelle, I had greater expectations. Moderate seas, the shipping forecast promised. It was wrong.

"Hope you've had your Quells," said the purser. We had not. Away into the grey we steamed, past cage-winged buoys rocking and rolling like heavy metal angels in the swell.

By mid-Bristol Channel the decks were awash with vomit. But we kept our breakfasts while all around were losing theirs. We munched chocolate whole-wheats and watched the horizon plunge and soar while a woman beside us wore her sick-bag like a horse with its nose-bag.

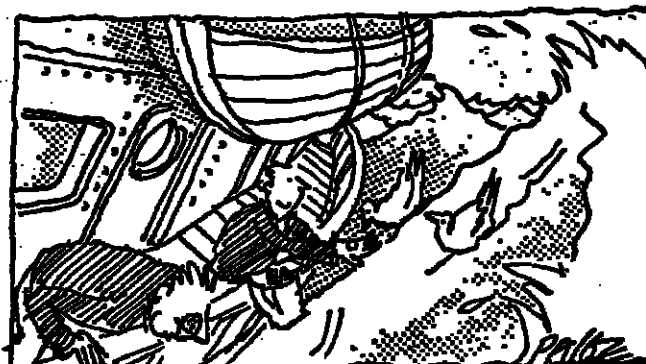
Other people's misfortune

beneath the winter breakers. Memories of that ship haunted me as I boarded its successor several years later. A family I knew had sailed on the last voyage of the doomed vessel. When the local press interviewed them they refused to give their children's names. It had been their son's first trip. His name was Jonah.

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Other people's misfortune



caused much merriment. Good sailors entertained their friends by impersonating bad sailors. The most popular spectacle was the elderly lady who sat under a brimming water tank. In distress she hoisted her umbrella. To no avail. People queued to see her deluged every time the boat hit a trough.

England lurched into sight. Almost everyone disembarked gladly at the first port of call; only we hardy few stayed aboard to cruise through drizzle past Devon's peaks and wooded valleys. But before that, there was crisis below decks.

It seemed the majority of passengers, now safely ashore, had eaten almost all the hot lunches many subsequently lost them overboard—before leaving the ship. Rows broke out between people who had ordered meals and those who pretended they had done so. A steward with

tattooed arms sweated and juggled too few chickens-in-the-basket to satisfy every claim. I settled for more biscuits and a safe retreat.

For the next three hours the pleasure steamer earned its title. Pleasurable it was to steam through quieter waters below variant cliffs so high you could not judge the scale until binoculars picked out unbelievably tiny people on a beach. Shags skimmed the waves. A ship's engineer emerged on the starboard deck to gaze at the coast with the intensity of one seeing it for the first time. His boiler suit had a rip on the hip through which glimmered purple Paisley underpants.

Too soon it was time to collect the 300 who had been ashore. Many bore the marks of a day's souvenir shopping. They wore red and white peaked caps declaring "I love Devon,"

One of the delights of the show is the increasingly glossy retailers' catalogues, their illustrations potent images of an era. House decorators William Wallace offer, around 1895, "Inexpensive artistic (what we would call aesthetic) boudoir furniture" and artistic cosy corners. Little W. & Sons present the American Lloyd Loom products, having secured the British manufacturing rights in 1923. But what about a 1935 Henry VIII dining-lounge, or a zebra-striped valour three-piece suite for £28.17.6?

Smart Brothers show us Carole Lombard and Merle Oberon at home in catalogues that also feature touching love stories where the blissful newly-weds walk off with a van load of furniture. The firm claims to have furnished a million homes and won a million hearts.

Working conditions gradually improved, and many firms moved to the Lea Valley in the 1930s. Although materials have changed and the trade has been increasingly mechanised, the East End repro firms today operate in much the same way as they did 50 years ago, in premises that have barely changed from the last century.

What is new is the crime rate. Designer furniture-makers who have colonised the area in the last few years, attracted by cheap rents and specialist suppliers. A selection of their work, one-off pieces and small batch productions, is on display in the show. While Mr Rosenberg closed his Old Street workshop in 1985 because of an ageing workforce and vandalism, the trade is still thriving. In 1950 years it has come from making 12000 pieces a week in a brick lane to Danny Lane and Glassworks' sand-blasted glass furniture.

The exhibition is sponsored by British Petroleum, DEGW Architecture, Planning and Design, and Hille Ergonom.

Susan Moore

Saleroom

A Bugatti—for £6m

IT IS only necessary to read the catalogue for Phillips' sale of automobiles on September 16 to understand why cars of a certain age are called "vintage."

The language of the enthusiasts is very like that of wine experts. A 1931 De Lorenz has "the necessary credentials for a future classic"; a 1970 Triumph Vitesse convertible is a "grand little car that is appreciating in value as a future classic."

You almost expect to find them landing the bouquet of the engine or upholstery; and deciding that some smooth, full bodied model has a good nose and will travel well.

Categorisation of motor cars is precise. "Veteran" designates any automobile from the invention of the internal combustion engine to 1919. "Vintage" is strictly from 1919 to 1930; and "classic" anything after that. Some specialists introduce secondary categories: "Edwardian" for cars from 1910 to 1919; and "post-vintage" for 1939 to 1950.

Eligibility for the annual London to Brighton run in November produces yet another category: only veterans built before January 1, 1905 may enter. London to Brighton is still officially known as the "emancipation" run because it was established in November 1896 to celebrate the repeal of the law that required a man carrying a red flag to precede motor vehicles, and the raising of the speed limit from 5 to 12 mph. The run (it is not a race) was revived with press sponsorship at the end of the '20s.

Peter Card, Phillips' car expert, says there are distinct categories of buyers for vintage and classic cars. There are the family men who simply enjoy the luxury of good old cars and the gregarious atmosphere of vintage meetings. Collectors alternatively may buy purely for investment or for the sheer joy of hoarding—some British collectors own old cars by the hundreds.

A few very rich collectors now buy cars by the greatest makers rather as they might invest in fine art, and prices rival those for great pictures. When Christie's South Kensington sells a Bugatti Royale in November it could realise \$8m or more; and even a pre-1914 Rolls Royce Silver Ghost can make \$150,000.

The general rule seems to be that the cars which cost most when new still realise the biggest prices.

Some cars that in their own day were reckoned very modest can, however, command comparatively high prices. 1927 two-door Austin 7 "Chummy"—a square tin box with canvas top, on wire-spoked wheels—is expected to realise \$4,000-£5,000 in next week's sale, even though it has been extensively rebuilt. One of its attractions is that it is convertible—open cars can often make twice the price of their saloon equivalent.

The "Chummy" also boasts an evocative period quous, even a touch of Wee Wee. I remember as a child that my young model got in frightful disgrace for rattling around the town in just such a vehicle, in canary yellow. He had bought it from some other giddy youth, rashly squandering all of £12 on it.

No less evocative car of rather earlier vintage is a 1925 Rolls-Royce 20 hp "doctor's

coupe." The car can be described alternatively as a "three-quarter drop head coupe," and it is not quite clear why it is associated with the medical profession. The car's fore-shortened passenger space gives it the necessary business-like austerity. Extra passengers could be accommodated in the dicky seat at the back; and it is easy to imagine it racing through Agatha Christie country with the village policeman hanging on in the wind. A Rolls is a Rolls, and with an estimate of £20,000 to £30,000 this promises to be the most expensive lot in the sale.

Although rarity either of make or model can be a recommendation to collectors, rarity is not in itself enough; a car that turns up infrequently simply because it was of inferior quality, and so sold badly when new, is still likely to have little appeal to buyers. On the other hand a potentially attractive rarity in Phillips' sale on the 16th is a 1930 Aero, a popular Czech car of the period. This could be the only example to survive in this country.

Many of the cars that arrive in vintage auctions have been restored. Bad restoration is a handicap: good restoration will

boost the price of a car—although rarely sufficiently to cover the whole value of parts, labour and love invested.

There is however always a romantic attraction for what are known as "barn discoveries." An example in the Phillips' sale is a 1938 Humber 18 hp saloon, which has not been taxed or used for 23 years. The low estimate of \$400 to \$600 indicates that it is in fairly rough state after its long hibernation, although the tyres have remained inflated over the years.

It is worth being aware of a special oddity of car auctions. Catalogues often list fewer than half the lots that are actually sold. Peter Card explains that there are always late arrivals for sale, and it is among these that the knowing buyer watches for bargains. Uncatalogued entries in the forthcoming sale for instance, include a Czech Tatraplan of 1948—an unusual and admired car with a rear engine and very good aerodynamics—which will probably sell for around £3,000.

Phillips' sale on September 16 is at the Shuttleworth Collection, Old Warden Aerodrome, near Biggleswade.

Janet Marsh

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DIVERSIONS

Arthur Hellyer on a flower
we often take for granted

Hooked on daffodils

OF ALL bulbous plants, daffodils seem to belong most naturally to British gardens. There is nothing obviously exotic about them compared with, say, the vivid colours and flamboyant flowers of tulips. Yet, the daffodils we plant so freely arrived in British gardens far more recently than tulips or, for that matter, lilies or hyacinths.

The daffodils which delighted Wordsworth were not the fine varieties we know today but the kind that grows wild in damp woodlands and meadows in England and Wales, a plant that can be plentiful in some places but is very scattered in its distribution and is scarcely ever seen in gardens.

Our garden daffodils were created from the mid-1850s on, first by a couple of devoted nurserymen, Peter Barr and William Backhouse, and later by an ever-growing band of enthusiasts. Many of them were amateurs, or at least started like that, but some of them became semi-professional as the demand grew and the profits from successful breeding looked increasingly attractive.

Flower size was increased rapidly, entirely new forms of bloom were introduced, and the colour range extended beyond all possible expectations. The cup (or trumpet) which forms the centre of the daffodil was altered in many ways. It was made larger or longer, shorter or smaller, persuaded to become wavy at the edge and even, in our own time, to split into several distinct segments—a development much criticised but one which is becoming steadily more popular, mainly as a cut flower. These varieties are now listed as butterfly or orchid daffodils.

So huge was the change that an entirely new classification had to be devised for the new garden daffodils. It is still in use and is based largely on the size of the cup and its colour, and of the petal-like segments (or perianth) which surround it. The number of flowers carried on each stem also had to be taken into account as well as such features as the obvious relationship to wild species.

All this is reflected in the catalogues of daffodil specialists, in which varieties are grouped according to this quite arbitrary classification. Fortunately for those who know and care little about such matters, most catalogues are well illustrated with pictures which show very clearly the different forms of flower available; and garden centres usually display pictures which give an equally good idea of what to expect.

The scale of production has been enormous. Thousands of varieties have been registered and it is utterly impossible for more than a tiny percentage of these to be grown for general distribution. A considerably larger number is grown by specialist nurseries for the small but important demand from gardeners who have become hooked by the daffodil and grow it for the perfection of individual flowers which they may exhibit in competition with other experts at special shows.

The specialists such as these need no advice from me, but when it comes to advising the public it is rather disconcerting to find there is absolutely no consensus. Glancing down a short list prepared by such a panel of experts, I was amused to see Mount Hood, which I esteem as the most reliable white trumpet daffodil, described as "mediocre" and Carillon, which seems to me a very satisfactory yellow narcissus, written off as "dreadful compared with others available."

So, to a very considerable extent I find myself thrown back on my own judgment, restricted necessarily to varieties I had actually found satisfactory and which are available readily today. Here is a short list which would satisfy specialists in search of perfection but which I would expect to please ordinary gardeners in search of display.

I would choose Dutch Master as a big, all-yellow trumpet daffodil; Mount Hood to match it in white; Spellbinder for its unusual pale sulphur yellow colour; and Trousseau for its



delicate combination of pale yellow trumpet and white perianth. For anyone wishing to include a so-called pink daffodil, I would recommend Louise de Coligny as being easy to grow; but the salmon-pink colour is pale and needs cool weather. Hot sunshine will soon bleach it.

For cupped narcissi I would have St Keverne, all in yellow; Joe Follies, white with a big frilly primrose cup; Fortune, orange and yellow; and Barrett Browning, orange-red and white. I would also buy Actaea, which is one of the best of the poet's narcissi with a neat yellow and red eye in the centre of a pure white flower, and also the Old Pheasant Eye narcissi, which belongs to the same group but has its outer segments swept backwards in a very distinctive way and does not start to flower until mid-May. It also has a strong scent; some would say too much so.

I would take a couple of large-flowered double daffodils—the all-yellow Golden Ducat and White Lion, its counterpart in white—and one small multiflowered double, the white and cream Cheerfulness. I would also try to find room for a few of the very early flowering varieties, especially February Gold with long narrow yellow trumpets; Jenny, which is all white; Tete-a-tete, with two or more little golden trumpets on each stem; and Silver Chimes, with dangling cream and white flowers.

Daffodils like fertile, well-propagated soil. They are best planted by mid-October and should be covered with about 2 in of soil.

There is no need to lift and replant daffodils each year: I have some that have been grown in the same place for more than 20 years although, as time passes, the bulb clusters become larger, the individual bulbs get smaller and flower production declines.

Robin Lane Fox eyes the tired trees littering Britain's landscape

Common brutes



Gardening

AS THE farmers start to set fire to fields, you cannot help noticing how tired many of our trees become by late summer. Those which the farmers burn along with the straw will not be rejuvenated, but even without the smoke-clouds there is a headiness to the hedgerows which this wet summer has not kept at bay.

A prime culprit is the sycamore. Having felled the last of the removable Leylandii cypresses in my new garden, I now realise that my sycamores ought to be next for the chop. Felled with the comifers, they would bring the season's bag up into the hundreds and earn me a Beaver award for initiative as tree-feller of the year.

In a town, the whole beastly lot would probably have been preserved by a misguided council. Sycamores usually arise by negligence, developing from their own seedlings. They seed themselves amazingly into flower beds, odd corners and the base-line of buildings: as they age, the leaves are a dull, dusty green. Sometimes, gardeners take refuge in the related Norway maple, hoping for better things, but I rate trees like Acer Goldworth Purple almost as low and as I soon found, they are gaudy companions for most of our green English landscape.

Silver-popples are much more harmonious and the two main varieties are excellent. The white poplar, Populus

alba, is a fluttering pyramid of white wooliness, especially if you choose the Pyramidalis form, which grows like an upright Lombardy poplar with a more generous waistline. I also appreciate its yellow autumn colouring. The other form, Populus canescens, is more of a grey-white and has charming moments, especially in mid-summer, when I wonder whether Tilia petiolaris is not my favourite tree of all. In fact, it is neither truly silver

Sometimes, I think that the grey willow is even prettier. At maturity it is certainly stately, because it branches more nobly, but people seem to forget its silver-backed leaves in the late summer and none is difficult to grow. I am not thinking of the weeping silver pear which is so popular nowadays, a lovely tree but one which is debased by turning up regardless, whether or not a weeping tree is appropriate for the site. Instead, I mean the silver poplar, silver-grey willow and silver lime.

The silver poplars are magnificent performers, but somehow gardeners forget them or are seduced (again, I have been guilty) by the pink and yellow markings of the fancy Aurora variety. These pink and yellow markings are prominent only on the tree's young growth and as I soon found, they are gaudy companions for most of our green English landscape.

February, like its close relation, it has pretty lobes to its leaves and moves enchantingly in the wind.

nor truly weeping. The rounded leaves are a dark green on the surface and show a silver-white only when the wind blows and turns up their undersides. The branches sweep downwards and the main stem does not droop awkwardly.

Eventually a huge tree, this variety is best seen, semi-silvered, at a distance, not least because of its effect on bees. In late July, its scented flowers transport you off to a southern French street with their reminiscent scent. Unfortunately, they also transport the bees into some false heaven, causing them to buzz and kick like helpless teenagers at the foot of the tree. As a result, the weeping silver lime is not welcome near a sitting-place.

The bees behave no better on the other silver lime, Tilia tomentosa, but it has the advantage that it grows upright and does not throw its branches sideways. To my eye, the underside of its leaves are slightly plainer than the weeping form: it makes a magnificent presence in a summer landscape, perhaps best of all in a country paddock or hedgerow. Could we please remember these silver trees, the poplars willows and limes, when we next try to brighten our country landscape, not least because they are trees which so plainly enjoy the rivers of English country life?

A drop of real cider

THERE are always plenty of volunteers to help with the grape harvest. But at the merest passing mention that the annual batch of cider is about to be made, everyone within earshot wants either to help or to see how it is done.

Well, not all of us have vineyards, even domestic size ones. But many of us who live in the country have orchards or access to apples from other people's trees. And once it is discovered that bruised windfalls and even those apples that have fallen and turned soft and brown, are candidates for the press, there is even more interest taken in this bucolic, most civilised and ancient occupation.

How often have we traversed the countryside to see windfalls lying in the grass to rot and be wasted? Yet, these fallen and forgotten apples are the very ingredients for one of this nation's most delicious beverages.

Why, though, are they ignored? It is either because of ignorance, sheer laziness or an attitude that, through the medium of advertising, implies: "Why do it yourself? Why not buy it?"

The fact is that what you buy in a cider bottle is usually a travesty of the real thing. What do you need to become a cider-maker? Apples, of course: three full bushels of fruit will make about 10 gallons of cider—but the fruit must be juicy. What varieties? When I worked in a commercial orchard, a cider-making company wanted two-thirds Bramley's Seedlings and a third of any sweet apple at hand. I agree, totally Bramleys make wonderful cider, but Cox's alone, for instance, do not.

In reality, though, a blend of any old apples available is all you need to make fine cider.

For the "real thing," you will need glass containers ranging from gallon demijohn size up to 10-gallon carboys or even kegs (but not metal unless stainless steel): a pound of domestic white-meat for each projected gallon of juice; a lump of fresh baker's yeast; something to chew-up your apples (a Pulpmaster, with an electric drill to power a spinning barbed wire inside, is one); a press (I made mine powered by a two-ton car jack, from old hardwood, shed posts);

hessian squares or bags within which to hold the pulp in the press; a fermentation lock set within a cork for each container; and a certain amount of elbow-grease and patience.

An insulated outside shed is the ideal venue for this entire operation. A cellar, where carbon dioxide can rest, is not.

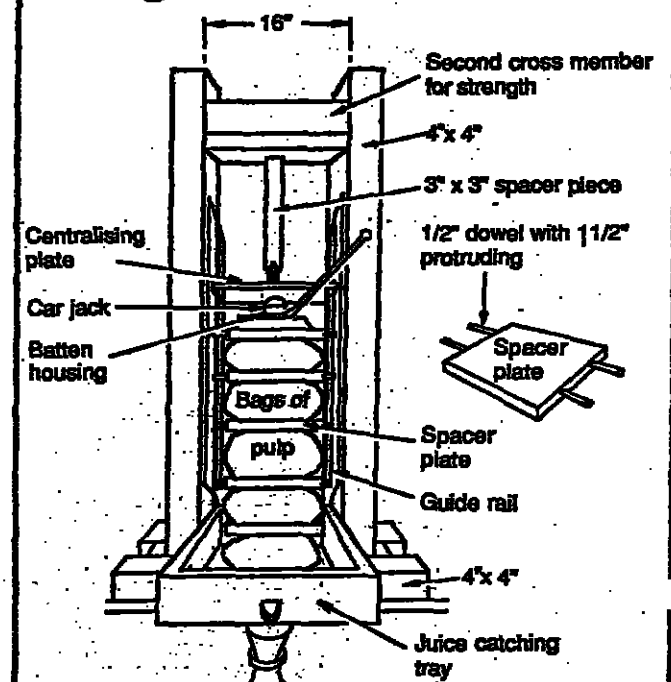
Gather your apples, rotten or otherwise, omitting only those that have gone black. Prime your containers with the sugar. Crush the fruit as finely as you are able. Then fold the pulp within hessian bags or squares, and press them. Place the yeast in a coarse-filtered funnel and allow the juice to pass over it on its way into the fermentation jar.

If your container is not yet full and your apple supply exhausted, bucket the spent pulp and add water until it can absorb no more. Re-press it. Seal the filled containers with a bung and water-filled air lock. Fermentation might start in hours or days—depending on temperatures.

Surround the neck of each container with crumpled newspaper to catch the impurities that will be ejected through the air lock. Keep changing the fouled air locks for rinsed ones until only clear bubbles of carbon dioxide issue forth. Then seal around the cork with pliable wax, if you feel like it, and ignore the entire process until the latter part of the following spring when you can syphon the cider, from above the dead yeasts, into washed screwtop litre bottles.

Could anything be simpler or more satisfactory?

Design for a Cider/Wine Press



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James Page-Roberts

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Prices continue to ease



Wine

THE FALL in prices at London wine auctions which began in 1985-86 continued in the 12-month season that ended recently: a continued easing rather than a slide, not similar to the mid-Seventies slump which forced Bordeaux merchants and leading chateaux proprietors to unload huge stocks at Christie's and Sotheby's.

The prevailing mood is more of reluctance to pay over the odds for any wine rather than a rush to sell, plus hesitation in entering into large commitments. Last week, at Christie's King Street saleroom in the past year than in the previous one—2,000 lots fewer in a total of 12,500. Sotheby's 11,400 lots were down by 400.

The main reason for the continuing drop in prices is the fall in the dollar, and only against the pound, but also the French franc. The fall from FF11 to the dollar in early 1985 to about FF6 now has created in the US a certain disillusion with French wine, particularly claret, a predominant wine in the saleroom. This has been increased by the high opening prices of the leading growths in recent vintages.

The trend in prices of the 1982 Burgundy clarets illustrates this. The vintage was snapped up by the Americans in 1983, and prices reached new peaks by 1985: \$680 a case for Lafite, \$715 for Mouton-Rothschild and \$2,750 for Petrus. Last year, the top figures for them were \$600, \$660 and \$2,100 respectively, although considerably lower prices were also recorded for them. This year they have fluctuated between \$440-\$500, \$500-\$560 and \$1,700-\$2,600.

Not surprisingly, Christie's—after an almost unbroken record of growth since they restarted wine sales in 1986—has suffered a reduction in its King Street sale total, \$5.65m to \$4.4m. Although the 10 per cent buyers' premium it imposed last September raised the total revenue.

On the other hand, this new premium may have discouraged sellers and buyers at Christie's and assisted Sotheby's, who after two years of falling turnover, had its best season since it began wine sales in 1978. The

turnover was \$3,048m, compared with \$2,78m. It also sold \$248,000 (\$77,000) at private sales which Christie's does not record. Christie's also sold a further \$1.8m in 10 sales abroad, five of them in Chicago. Although Sotheby's held six overseas sales, three of them in South Africa, it does not publish separate figures for these.

As in the previous season, Christie's held 36 sales in King Street but Sotheby's, which has adopted a policy of fewer but bigger auctions, reduced the number of its Bond Street sales from 13 to 10. It plans a further cut to eight in the coming sale year.

The third London wine auction, International Wine Auctions, which has no buyers' premium, sold \$1,510,000 in its six sales.

If claret prices in the saleroom tended to droop, or at best stabilised at 1986 levels, there was no marked movement in other wines of distinction: burgundies, Rhones and German wines. In a volatile market they sold easily enough (Christie's sold about 89 per cent of all lots offered at King St) but without much excitement. Demand for vintage port ended Armer, prices in many cases regarding their 1965 levels, and the shippers' very high opening prices of the 1985s around the price of the declared vintages of the Seventies to rise.

Rarities continued to attract high bidders. In December Christie's secured a record auction room price for a bottle of white wine: \$39,600 for an Yquem 1784, bearing the en-

graved initials of Thomas Jefferson. It is one of several that have emerged from a hidden cellar in Paris. Then at a June sale in Vinexpo, Bordeaux, a half-bottle of another Jefferson-initialed bottle—Ch. Margaux 1784—went for \$130,000 (\$40,000). It was bought by Marvin Shanken, publisher of the American Wine Spectator.

Another record was the \$10,100 paid at Christie's in December for a double-magnum of Mouton-Rothschild 1858, while a Jeroboam (six bottles) of Petrus 1848 fetched \$7,200. A case of the same wine went for \$8,500 at the International Wine Auctions sale in June.

Also in June, Sotheby's sold a collection of single bottles of 15 vintages of Lafite, from 1873 to 1916. The top three prices were \$1,650 for the variable vintage of 1877, \$1,540 for the no less variable 1887 and \$1,430 for the much more esteemed 1899. At the same sale, a bottle of Mouton-Rothschild secured the best price, \$2,200 for the 1850. Earlier at King St, a bottle of Lafite 1832, recently re-corked at the chateau, fetched \$3,200, and a magnum of the Lafite 1848 went for \$3,700.

Although the days of unearthed, ancient cellars deep in pre-phyloxera clarets appear to be over, Christie's during the past season disposed of two important French collections. In November it sold the private cellar of the Wolter family at La Mission-Haut-Brion. The sale included 67 vintages of La Mission, from 1888 to 1982, 48 vintages of La Tour Haut-Brion, from 1904 to 1982 and 48 vintages of the white Lafite Haut-Brion, from 1834 to 1982. The sale, which included the first Chateau La Mission-Haut-Brion in the Napa Valley, made \$153,000.

The other cellar came from Barritz, and consisted of top Bordeaux and Burgundy growths from 1898 to 1928. A large proportion was in large size bottles, with Lafite 1928 in Jeroboams and magnums. The total of this sale was \$128,200.

While the dollar sits at its present level it is unlikely that there will be any marked recovery in London auction room prices in the coming season. There should not be

a further decline either. The rarity seekers will continue to compete with one another, mostly Americans, but also Germans and perhaps Swiss. The British merchants who relied on a brokerage market in top-level Bordeaux and Burgundy for America will continue to have a thin time, but there should be good business for those with customers here, and for private buyers bidding on their own account.

There is a great deal of relatively young fine wine on the market, and trade buyers for stock will be cautious, particularly until the quality and quantity of the forthcoming vintage in Bordeaux are known next year. While a poor result might stimulate interest in earlier vintages, only a small, well-chosen average one is likely to attract much early interest.

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DIVERSIONS

Unfitted is more fun

IF YOUR idea of a dream kitchen is lots of fitted units, all matching and gleaming identically in their melamine wraps, then you are spoilt for choice. Purveyors of the neat, seamless, labour-saving box are out there in their hundreds, ready to supply functional machines for cooking in at the drop of a cheque-book.

If what you're after is something with a little more character, something moulded to your life-style and your personality, a kitchen that looks as if it had evolved gently over the years, then you will have more trouble getting it all together.

You can try to do it the hard, authentic way. You can track round the antique shops for old washstands and chests-of-drawers, and put them together with the dresser granny left you. If you're lucky, you'll end up with a kitchen full of charm, if a trifle long on dust-traps and working surfaces at the wrong height. To make it work, though, takes time and patience. By definition, this sort of room does not come off-the-peg.

If you have plenty of time, and a mastery eye, then there is nothing like creating a kitchen that is all your own. But if, like most of us, you're short of time and less than certain of your eye, then a handful of specialist companies will come to your rescue.

Smallbone Kitchens, mainly known for pioneering kitchens with specialist paint effects, has got together with designer Johnny Grey to offer a whole new alternative: a collection of individual free-standing pieces of furniture which can be combined in different ways to provide a kitchen that looks like a warm, lived-in room. This is as far removed from the gleaming boxes of an old-fashioned kitchen as an old-fashioned cooking pot is from a plastic bowl.

In large country house kitchens, it has drawers in the side, one or two end grain blocks for food preparation, and it can come equipped with sockets to cope with all your electric gadgets. Note, too, the hanging rack (in stainless steel or wood): ideal for storing pots and pans.

ABOVE: Johnny Grey's Tallboy from the Smallbone Unfitted kitchen range—designed for storing dry food and vegetables. In the plinth there is a concealed long drawer while the English willow baskets have wooden frames and can be taken out easily and put on a worktop. The top of the tallboy is shown here with a rolling pin pediment but it could also have another design of pediment or be plain.

FAR RIGHT: A wooden stove, Johnny Grey's reinterpretation of the traditional kitchen hearth. The hob is set into a granite or marble worktop and there is a tiled splashback, drawers below, and an extractor hood with metal bars for hanging kitchen implements. NEAR RIGHT: A complete kitchen furnished the unfitted way. Note the corner cupboard, hanging shelves, the central working counter, and the central cupboard which houses a large fridge.

On the right-hand side of the picture you can see a corner of the central counter—an eminently useful piece in any proper working kitchen. Modelled on the tables that used to be found

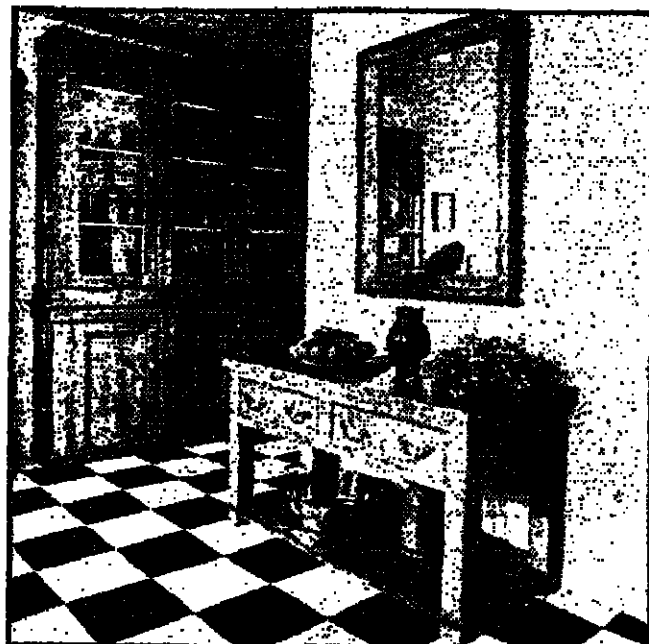
Lucia van der Post
HOW TO SPEND IT

Regular readers of How To Spend It may be familiar with the thoughts of Johnny Grey. He has been campaigning for years against what he calls the "systems approach" to kitchens—that is, manufacturers who design kitchens to suit methods of manufacture rather than the wishes of their customers.

Johnny Grey thinks this and approach leaves most people yearning for something warmer and richer. He is convinced that the way to give them a more satisfying kitchen environment is through finely-made free-standing pieces of furniture, tailored around the cook's needs.

The new Smallbone Unfitted range offers some 80 different pieces in three or four different sizes, with a choice of several different decorative details (he believes that decoration, when appropriate, is far from superfluous, but meets a deep human need). There are corner cupboards (a combination of larder and ordinary storage), dressers, bookshelves and lockers, chopping blocks and counters, apothecary drawers and plate racks, adjustable shelves and wine racks. Think of a cook's needs, and there'll be a piece to meet it.

There are units to house the inevitable (and essential) hi-



ABOVE: Furniture designed and made of pine by John Lewis of Hungerford. The glass-fronted storage cabinet with cupboards below has all the sturdy appeal of traditional below stairs furniture, £1,295. The baker's table is £845, while the mirror above it is £145.



ABOVE: Although John Lewis is often asked for units for the sake of easy storage and ample working surfaces, he achieves a warm, decorative look by breaking up the solid look of fixed units with glass-fronted cupboards, open shelves (like the pot-board in the picture) and finely turned balusters.

tech appliances—for instance, in the photograph below left the fridge is hidden away behind the panelled doors of the central cupboard, while the cooker is tucked into the corner cupboard.

All the pieces have an air of great solidity about them. They are made to specifications appropriate to hand-built pieces of furniture rather than to factory-made off-the-peg units. Only natural materials have been used: Tops are either solid granite or wood; chopping blocks are made of solid end-grain maple; interiors are wood-veneered in olive ash. Washing-up basins are in plain white solid porcelain, deep and heavy enough to take the largest Aga cooking pan.

Finishes and heights can be varied to introduce visual interest. At the Smallbone showroom at 91 Wimpole Street, London W1, where the new range has just gone on display, there is a kitchen full of mixed finishes. Plain clear ash stands beside washed

Mediterranean colours; panels can be plain or patterned. Wherever you look there is something to delight the eye.

If this is a look you like the sound of, go and look at the showroom. Prices. I have to warn you, are not low, but as the pieces are mainly free-standing (cookers, fridges, washing-machines and so on will, of course, have to be connected up in the usual way) I see no reason why you should not look on them as heirlooms that you can pick up and take with you if you move.

For the moment, Smallbone is sadly unable to sell individual one-off pieces. Production is relatively small, and they want to create complete kitchens. Prices for an average-sized kitchen, furnished completely from the new range, including all appliances and installation, will be roughly £17,000 (about 20 per cent more than the average price of Smallbone's current time oak range).

Johnny Grey's designs seem

to me to offer the first really new look in kitchens for many a long year. However, they are pieces of personality, and as such they may not appeal to everybody's taste. If you are looking for a similar sort of approach, but prefer more traditional designs, it would be worth taking a look at John Lewis of Hungerford, Berkshire. Here is a specialist kitchen design company that also believes in individuality; suit the kitchen to the house and the customer.

John Lewis, has been offering his customers, for some time now, a look that combines the warmth and interest of a loosely furnished room with the practicality of a proper kitchen needs.

He likes kitchens which look as if they have just happened—wholly uncontrived. He achieves this by using a combination of fixed units and free-standing pieces. He ardently believes that sinks, dishwashers and washing machines should be

properly housed under a continuous work surface, and fixed to the wall so that nothing leaks or drips. Having deployed the essentials, he then believes in adding atmosphere with "loose" furniture—dressers, cupboards, tables and the like.

He sells a small collection of this furniture, all made from pine, with the clean simple lines that were the hallmark of traditional below-stairs pieces. There is a glass-fronted cupboard, ideal for holding glass and china, there is a baker's table, a large dresser, a mirror, a bread cupboard, a refectory table and chairs—in other words a large enough selection to enable every kitchen to look slightly different.

John Lewis now has several showrooms where both his fitted kitchens and his free-standing pieces can be seen: Connaught Street, Hyde Park, London W2; 8 Upper Borough Walls, Bath; Park Street, and High Street, in Hungerford, Berks; and Hart Street, Henley-on-Thames.

Those frozen wastes

I AM AS comprehensively ashamed of my refrigerator as I am of my sock drawer. Both, I suppose, make statements about the kind of person I am, but sock drawers matter less. And more things can go wrong in a refrigerator.

Everything starts out by getting popped in there overnight. I am sure man has invented ways of discriminating at a glance between things that were popped in overnight yesterday and things that were popped in overnight last autumn, as Alan Sherman sang:

"That great big liverwurst has been there since October first and now it is the twenty-third of May."

So, perhaps you have a Chinagraph pencil on a string by the fridge so as you can mark the container. Container? What container? Often, there are two pig's feet in a transparent plastic bag with a jockey design on it about computer games for children. Or a head of broccoli in a brown paper bag. Does jolting 5/9/87 on it help? I have a feeling that the agreeable discovery "Hey, there's some broccoli here, looks quite good," can be ruined by a date, sowing seeds of doubt over what should be a nice moment.

Of course, broccoli should not be in the fridge, anyway. Broccoli should be on the bush until summoned to the boiling water. But some of us just sometimes have to buy it; and if you find you have too much, do you throw it all away? Or turn it into some sort of cooked condition, where it will keep better (or, at least, not advertise its lack of freshness) for use in some mousses or fricassees or soup?

I am sure this is, in the end, the right thing to do. The well-run fridge, evidence of a well-run kitchen, is full not of little bags of raw material but of little prepared things—purees and so on.

There's another thing. I suppose we all work on the assumption that anything will keep a bit longer in the cold and, following from that, the colder the longer. The freezer is now an indispensable household equipment for lots of people, enabling them to keep a supply of meat, fish and vegetables in wholesome and edible conditions at all times.

I have a freezer, although I use very little because I live in a part of inner-city London where shops are open till bedtime with all kinds of fresh foods as well as shelveable standbys. My freezer has no portioned lamb carcasses, no frozen mince, cauliflower florets or oven chips. Nor, sadly, do I have sudden surges of freezable garden produce at give-away prices. So, I am not a heavy or even very efficient user of my freezer.

What does make me a bit pompous is when I find people using their freezer as if it were a more reliable kind of fridge. There is a kind of approach that goes like this: "On Friday I bought some fresh herrings, intended for Saturday breakfast. Saturday breakfast didn't happen, so if I put them in the fridge we can have them for Sunday breakfast. But if I put them in the freezer, we can have them for breakfast on Tuesday."

No, we can't. If you are going to freeze fresh fish (that is, not already frozen) you should buy it still flipping about



Food for Thought

weekend consumption. There is no dissuading her.

I used to run a professional kitchen where you could walk not merely into the fridge but beyond that into the freezer (with special locks to stop you getting locked in and frozen solid). If a lunched was cancelled, someone would be bound to say: "It's only postponed, till next Tuesday, you can stick everything in the freezer" and I would wring my hands thinking: "She means well."

Earlier this year, in pursuit of quite another story, I spent quite a lot of time with the environmental health department of London's Royal Borough of Kensington and Chelsea. We burst into several restaurant kitchens; and I noticed with particular dread the way the inspectors would pounce on a tin of tomatoes, opened and popped in the fridge. A dangerous habit, I gathered: the tin should always be replaced by a plastic container or even a jam jar. Mind you, how long the jam jar stays there is quite another matter.

Peter Fort

Cooking

Vegetable variations

I AM NOT a vegetarian, but I rows. They can be cut into an am vegetable-lover. And at this time of year, as summer draws to a close, there is a spate of marvellous vegetables that are so good and priced so reasonably.

Courgettes are used to make soups and salads. They are served as a vegetable puree and simple with a garlicky tomato sauce. They are stuffed with all manner of mixtures and baked like miniature mar-

Aubergines are associated chiefly with famous dishes like moussaka, crisp piping hot fritters served with cold, garlicky sauces, and Imam Bayaldi. Here, then, are some less well-known ways of serving up these favourite vegetables.

AUBERGINE MOUSSE WITH PUMPKIN (SERVES 6)

My idea for this recipe was inspired by the Middle Eastern dip which is usually known as poor man's caviar. The mousse is set in individual cocotte dishes when served with lettuce leaves. This looks pretty and makes for easy unmoulding. The tender leaves of a butter-head lettuce are best.

Generous 1½ lb aubergines; 12 to 18 lettuce leaves; one tablespoon well-toasted pumpkin seeds; lemon juice; sunflower or safflower oil; garlic; gelatine powder; salt and freshly ground black pepper. Prick the aubergines and cook under a hot grill until the skins are black and blistered and the flesh underneath feels tender. Meanwhile, sprinkle one tablespoon gelatine powder onto two-three tablespoons cold water in a cup and leave to soften and swell. Also blanch the lettuce leaves. Drain and dry well, patting them gently with plenty of kitchen paper.

When the aubergines are cooked, strip off their skins. Put the flesh into a colander, chop roughly with a knife and press with a potato-masher to squeeze out some of the juices. Then, reduce the flesh to a smooth puree in a food processor. Add a garlic clove crushed with some salt, six tablespoons oil, about ½ tablespoons lemon juice and a good grinding of pepper and whizz again.

Lightly oil six x 5 fl oz cocotte dishes and line them with the lettuce leaves, letting some of the greenery overhang the rims. Melt the gelatine, cool it slightly and beat it into the aubergine puree. Season to taste with more lemon, salt, pepper and/or oil as you wish. Spoon the mixture into the prepared dishes (it will not fill them to the brim) and shake and tap the dishes to level the mixture. Fold the overhanging leaves over the filling, cover, and chill for several hours until set.

Loosen the mousses with a knife and unmould onto individual plates for serving. Top each mousse with a crunchy sprinkling of toasted pumpkin



Anne Morrow

COURGETTE FILLO PIES (makes about 36)

Filled with a hot mixture reminiscent of courgettes à la Grecque, these rich little pastries make a warming appetiser to serve on cool days. They are also excellent served with a simple Sunday evening supper.

The triangular pies are a little fiddly but fun to shape and look very professional. They can be made well ahead—in fact, they freeze very well raw. Baking (a quick and effortless job) is best done immediately before serving.

Take 1½ lb courgettes (weighed after topping and tailing); olive oil and lemon juice; garlic and a small bunch of fresh basil; coriander seeds; salt and freshly ground black pepper; half a packet of filo pastry; butter, preferably unsalted, for brushing the pastry.

First, prepare the filling. Slice the courgettes and sauté them briefly until golden, using a very hot pan and about two tablespoons olive oil. Tip the contents of the pan into a bowl. Season with salt and pepper, some crushed coriander seeds, a couple of finely chopped garlic cloves, two tablespoons more of fresh torn basil leaves and two-three tablespoons lemon juice. The mixture should be agreeably piquant.

Leave to marinate for a few hours, just stirring occasionally. Then, tip the mixture into a sieve to drain off the juices and

add extra seasonings as necessary.

Unroll the filo pastry one sheet at a time, keeping the rest covered with a damp tea towel to prevent them drying out and becoming brittle. Cut the first sheet into strips about three inches wide and 10 inches long and brush on one side only with melted butter.

Put four or five slices of courgette on the buttery side of the first strip, placing them about one inch up from the bottom of the strip and slightly to the left-hand side. Fold the bottom right-hand corner of the pastry diagonally over the filling, so that what was the short bottom edge now lies on top of the long left hand edge, making a triangle.

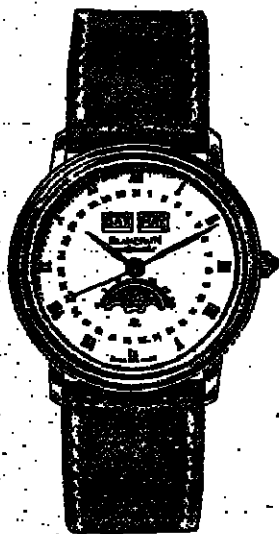
Continue folding the pastry at right angles up the whole length of the strip so you end up with a neat little triangular parcel. Make more little pies in the same way until all the filling is used up.

If the pies are to be frozen or stored in the fridge for cooking next day, pack them carefully into rigid boxes and place protective sheets of greaseproof paper between layers.

To cook, simply brush the pies all over with melted butter, arrange them side by side on baking trays and cook at 350 to 375 F (180 to 190 C) for mark four or five for 15 to 20 minutes or so until the pastry is golden and crisp. I think it is best to turn the pies over after the first 10 minutes of cooking. If the pies have been frozen, I defrost them before baking.

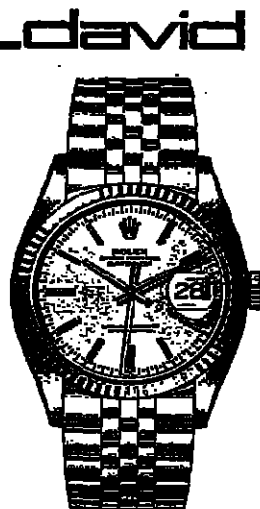
Philippa Davenport

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CLARENDON AND HIS
FRIENDS
by Richard Ollard, Hamish
Hamilton. £15.00, 367 pages.

ON AUGUST 26TH, 1667, Pepys attended his office, and sat with his colleagues discussing "a particular business all the morning," but there he also received some dramatic news from Whitehall—"my Lord Chancellor's seal is to be taken away from him today. The thing is so great and sudden that it put me into a very great admiration what should be the meaning of it."

Next day, Mr. Pierce the surgeon visited him with further information. "This business of my Lord Chancellor's," he assured Pepys, "was certainly designed in my Lady Castlemaine's chamber that is to say, directly organised by the influence of the King's reigning mistress."

"When he went from the King on Monday morning, she was in bed (though about twelve o'clock) and ran out in her smock into her study looking into 'White-hall garden'... and stood jolting herself at the old man's going away!"

Her jubilation was not unnoticed; for "several of the gallants of White-hall (of which there were many staying to see the Chancellor return) did talk to her in her Bird Cage," among them the Marquis de Blanquefort, a naturalised Frenchman, Charles Earl of Faversham, "telling her she was the Bird of Paradise."

"The old man," victim of this political drama, was Edward Hyde, better known as Lord Clarendon, the 53rd and Charles II's faithful Lord Chancellor since the Restoration. Although they had never been intimate, Pepys could not help respecting him; above all else he appreciated the Chancellor's legalistic intelligence and his skill in exposition. "Indeed," the diarist wrote after sitting beside him on the same committee, "I am mad in love with my Lord Chancellor for he doth comprehend and speak as well, and with the greatest easiness and authority, that ever I saw in my life... though he spoke extempore, yet his manner of doing it, as if he played with and was informing only all the rest of the company, was mighty pretty!"

Clarendon's personal character has often escaped historians, and Richard Ollard, author of this excellent book, was slightly shocked to read a caption, in the Oxford Illustrated History of England, that described him as "Charles II's stuffy Lord Chancellor." Clarendon was never stuffy in any sense of that rather foolish word, but "convivial, sociable, cultivated," had a "jolly temper" and in social talk, of which he was very fond, showed at times "a sharp and luxurious fancy."

As a young man, he had been

brought up in the school of Ben Jonson, and had known such poets as John Donne, Charles Cotton and Thomas Carew; while his closest early friend was "that incomparable young man" Lucius Cary, Lord Falkland, whose country house was a home of the Muses, where his whole conversation, though often erudite, was "enlivened and refreshed with all the facetiousness of wit and good humour."

Clarendon may have been first and foremost a lawyer; but he was, at the same time, a master of modern English prose; and his autobiography and his History of the Rebellion are both of them distinguished works. Like Saint-Simon, he was a brilliant literary portraitist, who devoted his skill to friends and enemies alike. Thus, portraying his arch-enemy Oliver Cromwell, having once admitted that "no man with more wickedness..." brought to pass what he desired, "he was ready to concede that Cromwell could never have achieved his ends 'without the assistance of a great spirit and a most magnanimous resolution'."

Clarendon and his Friends, which will particularly appeal to those who enjoy reading about the 17th century and the complex details of its social and political background, is an extremely well-written and highly interesting narrative. Clarendon deserved a better master. Charles II had many personal assets; but "that which breaks my heart," his Lord Chancellor confessed in 1662, "is that the same affections continue still in the same lawlessness and unconcernedness in business, and a proportionable abatement of reputation."

When he fell at last, driven out by Lady Castlemaine's machinations, he bore his exile bravely; and, although he had many sufferings, as when at Rouen he was beaten up by a gang of drunken English sailors, because they claimed he had stolen their naval pay, he achieved a reasonable degree of happiness, writing, reading and eating large meals, which included British beer, Cheshire cheese and the game that reached him from one of his native forests.

Clarendon died at Rouen in 1674; and his body was carried home to be interred beneath the pavement of Westminster Abbey, his coffin being "met by the Dean (in his episcopal habit) and Chapter, who sang him to his grave." Although his daughter Anne, whom Charles II's brother had seduced and somewhat reluctantly married, had become the Duchess of York, the royal family paid him no kind of tribute. Nor, we may assume, would he have expected one. He had been a faithful servant of the Stuarts; but he had observed them long and closely enough not to overestimate their virtues.



Colin Thubron: novelist and traveller

Colina MacDougall on a journey begun
in Peking that led to many questions

China the hard way

BEHIND THE WALL:
A JOURNEY THROUGH
CHINA
by Colin Thubron, Heinemann.
£10.95, 307 pages.

ONE HALF OF THE SKY:
SELECTIONS FROM
CONTEMPORARY WOMEN
WRITERS
translated by R. A. Roberts
and Angela Knox, Heinemann.
£11.95, 180 pages.

COLIN THUBRON made the ultimate preparation for a trip to the People's Republic. He learned to speak Chinese. In the past few years, hundreds of lone travellers have done what he did—taken a rucksack and perambulated China by bus and third class train—and some have even published books about it. But few penetrated so far below the well-ordered, hierarchical and increasingly affluent surface. Only Lynne Pan's book, The New Chinese Revolution, published earlier this year, is comparable, and she has the advantage of being born Chinese.

Thubron went, he says, with a mixture of expectations built on school memories of alleged Chinese tortures in the Korean war and delicate oriental landscape paintings with waterfalls and twisted pines. He found both torture and beauty, and remained baffled by "the senseless temper." That is a common complaint among Western travellers in China (and perhaps among Chinese travellers in the West). It seems an inevitable reaction to continuous doses of different cultures. He writes beautifully, but only in passing, about the

met people of all ages and classes whose lives had been irrevocably altered by it. What struck him, as indeed appalls many Westerners, though the Chinese themselves hardly seem to think it odd, is that this brutal and irrational movement was allowed to run its course.

Is it China's group mentality which set the scene for that? Are the Chinese by nature inhuman? How far has the long history of imperial China moulded the national character, how much has the grinding poverty of the past couple of centuries hardened the sensibilities? Thubron has no answer to the questions, any more than he can predict the upshot of the growing cynicism he found about politics or the arrogance and corruption of officials.

This is, of course, a travel book, not a treatise on politics. Thubron's journey began in Peking, took him south to Shanghai and Canton, then west to Kunming and the Burmese border. He turned north to Sichuan and finally to remote Gansu province. His toughness merits respect; he thought nothing of tramping off into the mountains for several days with only a sleeping bag and practically no food.

Not surprisingly, after some weeks he began to feel short-tempered. That is a common complaint among Western travellers in China (and perhaps among Chinese travellers in the West). It seems an inevitable reaction to continuous doses of different cultures. He writes beautifully, but only in passing, about the

scenery—the famous gardens at Suzhou, for instance; or the Imperial Palace in Peking. His reaction is more to the contrast between their supposed peace and the masses tramping through them to their beauty.

One Half of the Sky (the title comes from Chairman Mao's words "Women hold up half the sky") is in a different key from Colin Thubron's book, but it confirms some of his impressions. A collection of women's writings spanning the past 60 years, it is mainly short stories, from Bing Xin's innocent 1922 account of a lonely child, to the bitter "Because I'm 30 and unmarried" by Xu Naljan from the early 1980s. Xu's piece is remarkable for its unsentimentality, a virtue not always shared by the other stories.

The reminiscence by Ding Ling, one of China's famous pre-war writers, contrasts sharply with the fiction. Confined for political reasons from 1957 to 1978 (she died a broken woman last year), her note on imprisonment in the Cultural Revolution is poignant. Sadly, her propaganda appeals to "believe in the party" show how a brutal system can destroy the most independent spirits.

Younger writers, like Xu, manage to ignore overt politics and concentrate on the social wreckage they cause. These stories do not make great literature, but they give a feel from the inside of life in the People's Republic. With the greater freedom and more critical readership that Peking's reformist policies could bring, the women writers could blossom.

MYSELF AND MICHAEL
INNES
by J. I. M. Stewart.
Gollancz £12.95, 206 pages.

I ONCE knew an elderly bookman who collected first editions of detective stories by Michael Innes. He had them all, going right back to the first edition of President's Lodgings in 1934, opus one. When, in the early 1960s, I saw this Innes collection, it was already a long shelf-full with the volumes arranged in order of publication, the about pre-war tomes alongside the painfully slim austerity ones.

Since then there have been many more, joined in 1964 onwards by the J. I. M. Stewart novels. The early books were written by a young don in Adelaide; the later ones during his period as tutor in English at Christ Church, Oxford, and in his retirement.

Now at the age of 81 he has deemed it time to give his faithful band of readers some information directly about himself. He recalls his youth at Edinburgh Academy and as an undergraduate at Oriel in the 1920s. He became a textual scholar on an edition of Montaigne in English for Francis Meynell before he became a don; after that he taught literature at Leeds, then in Australia, then back to Oxford, by which time he had a wife and growing family to support. In other words, as we might have guessed from his novels, and his fastidious prose,

Don and his blooms



J.I.M. Stewart, alias Michael Innes

Mr Stewart's has been a life spent entirely within the groves of academe. He has a donnish irony towards his own career. I once heard him say that while it was considered respect-

table to read detective stories it was not considered respectable to write them. Perhaps that is why he tends even here to brush aside his own efforts in this area, though he does have one or two shrewd observations to make about Agatha Christie's technique. He is more forthcoming about his contributions to radio which were quite extensive in the early days of the Third Programme. Encouraged by his producer, Rayner Reppenstall (with whom miserably he seems never to have quarrelled), Stewart wrote Imaginary Conversations on Boswellian and Shakespearean themes, one of which (Mr W. H. is dying in Venice) he prints here in full.

Mark Lambert's Supper, the first novel Mr Stewart published under his own name, was written out of a mood of dissatisfaction with Snow's The Masters. He felt it lacked the truly authentic whiff of a Senior Common Room. Taking on the overlarge mantle of Henry James (about whom Mr Stewart had written in the Oxford modern literary history) he decided to try to do better.

The result was that connoisseurs' item of modern fiction, A Staircase in Surrey, five consecutive novels in a university setting. This autobiographical volume, somewhat slight and disjointed, complements the quintet. It is High Table gossip at its most entertaining and least malicious.

Anthony Curtis

Wives and Mums

THE COMPLEAT WOMAN
by Valerie Grove,
Chatto & Windus. £12.95,
293 pages.

FAY WELDON was one of 20 women in the public eye, aged between 45 and 80, who talked to Valerie Grove about how they successfully combined work, marriage and a large family. I think the most important thing is energy and health," she said. "I also think long years of education help... The other great truth is of course that money helps."

Many will find this book enjoyable for models of gossip about the home lives of the female great and good but as for any secrets to success, Fay Weldon sums them up. There were of course differences between these talented individuals: those who brought their

children up almost entirely without paid help (Margaret Forster), those who were able to work with children in the room (Shirley Hughes) and those who used "the cute little sayings" of their children for copy (Elizabeth Longford). But the parallels between them are more striking. They nearly all achieved higher education with the support of their families and teachers. They then found supportive husbands (essential) and their vocations in life to which they applied themselves with total dedication.

Not for them were the extended months of today's maternity leave. Mary Warnock's children were timed to be born in the long vacation, Wendy Greengross was back in her surgery a few weeks after each birth. "I always maintained the same amount of work

I would have done if I hadn't had children," says Alison Smithson. Yet it is clear that motherhood transformed their lives.

In a way it is fascinating to find what a great leveller parenthood is, with the same sleepless nights to overcome and administrative powers to their work. When occasionally we are given a glimpse of the work they do, whether through Elizabeth Anscombe assessing herself as a philosopher or Tricia Gardner (Baroness Gardner, dentist and politician) on the consistency of fillings, we see how much more interesting a less domestically oriented book might have been.

Sarah Preston

Fiction for the Autumn

Borrowed plumes

CHATTERTON, A NOVEL
by Peter Ackroyd, Hamish
Hamilton. £10.95, 294 pages.

HOW IF Chatterton, after pretending suicide in 1770, had lived into middle age and written Blake's prophetic books? He is usually thought to have taken arsenic in a London attic at the age of 18, inspiring Henry Wallis's 1896 painting in the Tate. But Peter Ackroyd merges biography and fantasy when a portrait turns up appearing to show Chatterton, the marvellous boy, at the age of 50.

The novel is about plagiarism, and cuts cinematically from the 18th century into the 1850s and the London of today, to and fro and back again, starting with a one-page preface that lays out the bare facts of Chatterton's short life in Bristol and London and continuing with quick episodic takes from his life, and Wallis's, to be inserted later in sequence. In London today, meanwhile, a failed novelist called Harriet Scrope, all gin and jokes, is mortally afraid that her own youthful plagiarism might be found out, and imagines that the portrait, and some old papers of what looks like Chatterton's middle-aged autobiography, may lead to a bestseller. If writers were light-fingered about literary property 200 years ago, why shouldn't we be?

Life, after all, is imitation, and authorship is a form of

life. "Everyone does it," as someone remarks to Harriet when, to her horror, she is found out. But she has her answer ready. It is not where plots come from, she replies in defiance, "it's what we do with them." She had a good style as a young woman and nothing to say, so of course she stole. But then what else does anyone do, in art or in life? So we can forget the Anxiety of Influence. Henry Wallis paints what is before him, after all, when George Meredith sketches out Chatterton. The real trouble starts only when life imitates art.

The prose of Ackroyd's new novel, which follows his prize-winning Hawthorne by years, is as breathless and rather needs to give the ideas which have been plucked out of a wide reading of sources, more room to breathe and more humanity to celebrate. The cinematic cuts look like a device for holding humanity at bay. The human race is an alarming spectacle, but novelists are supposed to tell us about it, and it is provoking to be teased rather than satisfied. When George Meredith, who has sat (or rather lain) for Wallis's historical

painting of the dead Chatterton, loses his wife to the painter, we are offered only hints of a touching scene interrupted before it can take any emotional effect.

The striking revival of history in plays and novels recently is not a sign of the nostalgia-industry at work. Nobody is nostalgic about Chatterton who, as excerpts here show, was never a memorabilia poet. It is the education industry that makes people know a little and makes them want to know more. The demand for answers is nowadays prodigious. Chatterton, like Hawthorne before it, belongs partly to fiction and partly to fact, as Norman Mailer once put it. It is a hauntingly technique-conscious book like its predecessor, and it informs about fashions in critical theory as well as 18th-century poetry and Victorian painting. What it lacks, though only narrowly, is a bit of heart. The characters are sometimes good enough to provoke interest; but that interest is never allowed to flutter into anything more than the most faint of life. The book is more like a diagram of a novel than a novel. Perhaps Peter Ackroyd will some day grow tired of diagrams, as the Lady of Shalott did of shadows, and give us the real thing.

George Watson

Group view

THE BOOK AND THE
BROTHERHOOD
by Iris Murdoch, Chatto and
Windus. £11.95,
601 pages.

THE CHILD IN TIME
by Ian McEwan, Cape. £10.95,
220 pages.

SERENISSIMA
by Erica Jong, Bantam Press.
£10.95, 228 pages.

THE DAY OF CREATION
by J. G. Ballard, Gollancz.
£10.95, 254 pages.

DAME IRIS MURDOCH's twenty-third novel is based on an ingenious idea. The action takes place in an unspecified present, but relates closely to an also unspecified past; a group of Oxford people who have regarded themselves, in a rather innocent manner, as the crème de la crème, are brought together perhaps 20 or 25 years later — initially at a Commemoration — to discuss the

In that past they once got together to "commission" one of their number, David Crimond, to write a — no, not a, the — book on politics. They had felt that Crimond alone was sufficiently committed and dedicated to left-wing and, indeed, Marxist principles, and that he alone was sufficiently intellectually gifted, to perform this task. So, all of them having some kind of money, they decided to pay him a sum large enough, every year, to give him the time to do it.

In the meantime Crimond steals the wife of one of their number, makes no mention of "the book," and outrages their social-democratic principles by what they take to be his endorsement of a one-party state, terrorism, and other revolutionary ideas. Their views have changed; he seems to have drifted to the left, while they

have drifted to what, in Dame Iris's view, seems to be the alcoholic centre.

When Crimond turns up at the Commemoration, Ball and "steals" the wife (who is represented as sexually bound by him) and this group becomes concerned to repudiate him. She has previously returned to her husband, although for reasons not specified (so far as I can ascertain) in the novel.

This is a fascinating and readable book, and of course I cannot possibly give a fair résumé of the vastly complicated plot. It is also deeply unsatisfactory. Dame Iris just tells a woman's magazine tale, of murder and frustrated love and fashionable sexual ambiguity, in an apparently intelligent manner. The plot is absurd, that would not matter; but there is nothing here to justify any method other than that of the cynic, a rather realistic novel, in which the dialogue is stilted and silly, the plot far too obviously set pieces, the motivations not merely obscure but willfully recondite. If this is intended as a comedy of manners, then it fails because it is entirely wrong.

One's crudity is increasingly strained as one proceeds through it—and there is no compensation offered in the sense that any view other than that of conventional realism is present. The big failure is Dame Iris's inability to convey any real notion of what Crimond's book (which is published) is actually like. Everything is an ambiguous and unsatisfactory mess.

The Child in Time is more deeply felt and less nasty, simply clever — than anything previously published by Ian McEwan. But the author still cannot do justice, in the texture of his writing — which is cold, descriptive, suspiciously unpoetic — to his feelings. This is a novel that hovers, with concealed uncertainty, between clinical and often highly effective satire on what is presumably "uncaring Thatcherism" and sentimentalism. It makes use, as we say, of the book of the physicist David Bohm's book Wholeness and the Implicate Order (from here are derived the tricks with time, so that we are in a present not yet quite come about) and two books about the nature and magic of children. The plot is deliberately complicated, and is so important a part of the book (as it is revealed) that it is wrong to disclose it — this is a novel to read and to judge for oneself, and although I do not like it because it is so doggedly cerebral, I do recommend it for its indignation.

I scarcely know what to say about Erica Jong's Serenissima. I can happily ignore recom-

Erica Jong: Venetian fantasy

mendations from D. M. Thomas, Fay Weldon and Ren Follet, since I know what I do not like; but Anthony Burgess recommends it "with all my heart." Not head, surely? Serenissima is about a Jong-style heroine who, finding herself in Venice, is "transformed" into a Venetian. The dialogue is stilted and silly, the plot far too obviously set pieces, the motivations not merely obscure but willfully recondite. If this is intended as a comedy of manners, then it fails because it is entirely wrong.

One's crudity is increasingly strained as one proceeds through it—and there is no compensation offered in the sense that any view other than that of conventional realism is present. The big failure is Dame Iris's inability to convey any real notion of what Crimond's book (which is published) is actually like. Everything is an ambiguous and unsatisfactory mess.

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Angling/Michael Thompson-Noel

Fish seem to be getting bigger. Or is it that anglers are getting better?

THE ONLY macho-sized fish I ever caught was a rainbow trout that I reeled out of Lake Roturua in the North Island of New Zealand one icicle morning in 1982 when trolling—or something—in the company of this newspaper's most tediously accomplished fisherman, Dalby of the Foreign Desk.

For reasons known to Dalby and to our guide but not to me we had launched ourselves upon the lake in the shattering cold of 7 am. We saw covers of black swans, columns of freezing mist, and the frigid sheen of amethyst glittering in our wake.

None of this fazed Dalby of the Foreign Desk, who was soon hauling in trout promiscuously while I sulked deeper into my cashmere overcoat, watching my line trail hopelessly. Finally Dalby plied me—handing me his rod when he'd hooked his fifth trout so that at least I reeled the fish in, and technically boated it.

It was the same when I was small. I was given patient tutoring, expensive equipment, plus the juiciest of maggots, yet never caught a thing. Which didn't stop me brooding, as an only child will, on ways to defeat the system—to hit back at this friendless world by discovering a secret stretch of water that harboured a record-sized carp, or perch, or pike, or even a pumpkinseed (*Lepomis gibbosus*), though they weigh virtually nothing at all. I never found it. Indeed, in the years since childhood I somehow formed the view that record-sized fish were not caught any more—that because of war, plague, pestilence, pollution, climate and the common Market fish were somehow shrinking.

How wrong I was. How wrong I was shows up graphically in the British Record Fish List, for 1987 issued recently by the British Record (rod-caught) Fish Committee of that benign body, the National Anglers' Council (NAC), which tends the needs of Britain's near-40 anglers.

Far from shrinking, fish are waxing, growing mightier and fatter, as I'll reveal in a



Hooked on some records

second, but the fact remains that at a meeting of the committee a few weeks ago, claims for four new British freshwater records were accepted—for a sea trout (20 lbs 2 oz/9.127 kg), caught in the River Esk, North Yorkshire, 12 months ago; for a pike (44 lbs 14 oz/20.353 kg) hooked from Ardenleigh Reservoir, Essex, on January 4 this year; for an Arctic charr (4 lbs 13 oz/2.182 kg) hauled from Loch Garry, Inverness-shire, four months ago; and for a tench (14 lbs 3 oz/6.435 kg), caught in Middlesex 31 months ago. At the same meeting the fish committee approved four new records for sea fish, including a sting ray and a lumpfish. Of the 31 British freshwater records listed by the committee, 17 were set in the 1980s, eight in the 70s, two in the 60s, two in the 50s, one in the 40s, and one—the granddaddy of them all: a 64 lbs (29.029 kg) salmon caught in the River Tay in Scotland—in 1922.

... fish are getting bigger? Only up to a point, as Peter Tomblinson, executive director

of the NAC, explains. He has been monitoring records for 30 years and believes that British angling is in the middle of a cycle.

"We get peaks and troughs," he says. "The present upsurge may be due to the fact that anglers are specialising more and are getting better at catching big fish. They're using better tackle and techniques, and have a sophisticated attitude. Moreover, they have access today to virtually all the waters that are likely to hold big fish—very few are closed to anglers."

He says there are very few cases of cheating, even though there is a growing tendency among anglers to return big fish live to the water. "Do you mean," I asked, "that someone could catch a fish and then simply feed it up?"

"No," he replied, as though confronted by an idiot. "If someone is fishing singly they would have to swear an affidavit. We have rigorous checks and balances. Of course they don't feed them up. What might present us with a problem, though, is if someone found a dead fish and claimed it as a record. But they're very honest, anglers."

He believes that the carp and chub records of 44 lbs (19.957 kg) and 17 lbs 6 oz (7.85 kg) respectively, both from the 1950s, are likely to go at any time, but that Miss G. W. Balentine's salmon record from 1922 is "the one record that is likely to hold, because the salmon fisheries of this country are simply not what they used to be."

If you want to know what to do if you catch a record fish, contact the fish committee at the NAC, 11 Cowgate, Peterborough, PE1 1LZ (tel 0738-54084).

If you wish to send the fish somewhere, by post or rail, first immerse it in a solution of one teaspoon of formalin to one pint of water. For despatch, wrap it in a cloth wrung in such a solution, seal it in a plastic bag and wrap it in stout brown paper.

If you send it to the NAC, give them your name and address, tell them whether the fish is to be returned. If so, send postage, because the last thing they want on their desks in Peterborough some wet morning is a vanload of dead fish with no return address—whatever its claim to a niche in the record book.

Their gloom has not been deeper since 1975... now they have launched a plan to produce champions

AMERICAN TENNIS is at the crossroads—or so the officials of the USTA appear to believe. During the latter stages of the 107th US championships, which end tomorrow at the National Tennis Center in New York's Flushing Meadows Park, there has been much discussion about the failure of the American challenge.

As a result, the USTA has launched a national plan to produce champions. To British ears, the story has a familiar ring. It is also one which no one could possibly have predicted would be necessary during the many years of American dominance following the Second World War.

But it is a fact that this year, for the first time since these venerable championships began in 1881 (just four years after the first championship at Wimbledon), there were only four American men and four American women in the last 16—three women, actually, if you remember that Martina Navratilova is a naturalised American (1981) who was born in Czechoslovakia. Never has there been such a meagre national representation.

American gloom has not been deeper since 1975, the last time that only four American men reached the fourth round at the US Open. That was the first year when clay courts replaced grass at Forest Hills, the former site of the championships. It was also the year when the victory of the Spanish left-hander, Manuel Orantes, over Jimmy Connors in the final caused another of the four survivors, Arthur Ashe, to forego his title. The USTA effectively delivered the championships into the hands of the Europeans and South Americans.

In view of the present dilemma it is ironic to remember that a former US Wimbledon champion, Jack Kramer, who served as the

executive director of the Association of Tennis Professionals (ATP) from 1972 to 1975, predicted that the move in 1978 to asphalt courts at Flushing Meadows (something for which the American representatives on the ATP board had been pressing) would lead to a return of American dominance.

Although Britain can boast that three women have won Wimbledon since the Second World War, it has become used to the idea that male champions at its native championships are a dying breed. If not totally extinct. (For the record, Fred Perry in 1934, 1935 and 1936 was the last British man to win there.)

The Americans, who have enjoyed so much worldwide success since they first broke into the international scene through May Sutton at Wimbledon in 1903, followed by "Big Bill" Tilden and "Little Bill" Johnston in the 1920s, are much more sensitive about foreigners capturing their national titles, perhaps because it has not happened very often. In 106 years, 18 overseas men have won 28 times. The 100 women's titles (the ladies did not begin until 1887) have gone overseas only 12 times in the hands of six women.

In both categories, incidentally, Britain supplied the first foreign winners—Margaret Dobson in 1903 and Betty Nuthall in 1930—plus one other, Perry (1933, 1934, 1936), and Virginia Wade (1968).

The USTA plans to redress the balance and ambitions and has established a national coaching and scouting staffs; four main coaching centres and 100 lesser ones; local community programmes to attract youngsters to the game; eliminating national championships for children 12 and 14; and restructuring national youth teams, which will be given full-scale coaching and competitive opportunities. Again, all this has a very familiar ring to it.

Besides being the spokesman for these schemes, Ashe, the former US Open and Wimbledon champion, has also linked his name with an important problem that does not exist. Doing too much for a small



Mandlikova... fine is totally inadequate

30,000 intercollegiate players. The Volvo Tennis Collegiate Series will attempt to attract to some 800 colleges throughout America a new cadre of ambitious young tennis players.

Although at the moment there are no obvious successors to Connors and Navratilova, it is not because of a faulty system. Champions cannot be produced; they thrust themselves above the pack by character, determination and ability.

It so happens that some European players with these qualities have emerged at the top of the game now, just as the French did in the 1920s, the British in the 1930s and the Australians in the 1950s and 1960s. However, there are convinced that the professional game is prepared to put its disciplinary house in order.

group of selected players could prove counter-productive by sapping initiative—as Britain has found.

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top 50 ranked players in the world and in time, new champions will emerge.

Chris Evert's loss to Lori McNeill, the black girl from Houston, has brought home to Americans the fact that a great era has ended. This was the first time in 13 years that Chris had failed to win at least one Grand Slam title, and the first time in 17 appearances at the US Open that she had failed to reach the semi-finals. Only once before in her career had she not reached the same stage in a Grand Slam championship. Apart from Wimbledon in 1983, she had been in the last four on 48 out of 50 occasions, a prodigious record indeed.

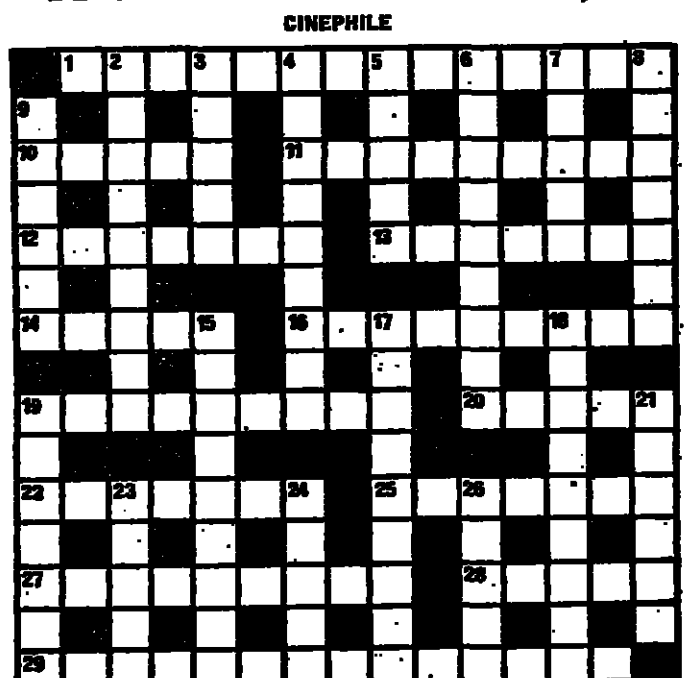
In a sense, her very success has limited the future development of women's tennis in America by producing an army of Evert clones, all of whom play safely from the baseline with double-handed backhands. The refreshingly different McNeill, whose relentless attack from the net totally demolished Evert's baseline game as well as her confidence, might set a new standard for the next generation of young American girls.

The petulant behaviour of Elena Mandlikova, alongside John McEnroe's totally unacceptable language and attitude to the young Australian umpire Richard Ings, has cast a dark shadow over the affairs of the second week. Mandlikova should have been photographed speaking in a language, hurling down her racket in temper, and refusing to face the press. The fine of \$750 is totally inadequate for a sporting millionaire.

McEnroe's foul-mouthed outburst was beneath contempt. He should be removed from the official game for at least a year; the fine is meaningless.

The worst features of such offences are the effects they will have on young players and on the viewing public, millions of whom will have seen the incidents. The young deserve to be shown that their sporting idols respect the rules of tennis and the code of common decency; the public must be convinced that the professional game is prepared to put its disciplinary house in order.

FT CROSSWORD PUZZLE No. 6,428



Prizes of £10 each for the first five correct solutions opened. Solutions, to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC3A 4BY. Solution next Saturday.

- ACROSS**
- 1 Translated into French, a bad sign of a killer (3,5,4)
 - 10 A very large call to stop (5)
 - 11 Batsman and bowler I am, an batsman and bowler in between (3,4)
 - 12 Rated me wrongly: I'm not chicken (3,4)
 - 13 See 20 across
 - 14 Be quiet, fairy: where are the books? (5)
 - 15 Soon persuaded: where are the booklets, half-hearted? (5)
 - 19 Potentially soaking away round the world? (5)
 - 20 24 down, 13 American writer and emperor, all show, possibly (5,5,7)
 - 22 Tool with talons? (4,3)
 - 23 A quiet month produces a spectre (7)
 - 27 Wreck of old car that is nothing without a radiator? (5,4)
 - 28 In a copper illness is a danger (5)
 - 29 Top copper, one among cook and painter (5,9)
- DOWN**
- 2 Tile for man where he lives (5)
 - 3 Dip in pub at Henley (5)
 - 4 Philosopher has drink left: he has to get up without it (5)
 - 5 A fool to try and get money from the establishment (5)
 - 6 Frenchman or fabulous stork (4,5)
 - 7 Pest causes a shipwreck (5)
 - 8 Man for job at pit one's disturbed about (7)
 - 9 Greek character, partly Russian, gives a sign (5)
 - 15 Clad in asbestos if upset by correction (5)
 - 17 An end to poetry down under (5)
- 18 Thrown at Liberal from both sides? (6)**
- 19 Old chair broken in brief account (7)**
- 21 Plain compiler with halloved exterior (5)**
- 22 Italian city interchange (5)**
- 26 Greek character in final phase (5)**
- Solution to Puzzle No. 6,427**
- Solution and Winners of Puzzle No. 6,422**
- Mr R. E. Lewis-Williams, London, N6; Mr Colin White, Mickleover, Derbyshire; Mr W. Cook, Buxley, Lancashire; Mr D. R. Berry, Southend, Essex; Mr I. T. Comrie, Edinburgh.**

SATURDAY

† indicates programme in black and white

BBC1

- 8.30 am Dudley Do-Right, 8.35 Boss Cat, 9.00 It's Wicked, 10.05 Film: "Old Boned and the River" (Willi stars), 12.27 pm Weather, 12.30 Grandstand including 12.35 Football Focus, 1.20 News Summary, 1.50 Rallying (World Championship 1,000 Lakes, from Finland), 1.55 Motor Racing (last four laps), 2.00 Racing from Goodwood, 2.05 Evening (the Burghley Horse Trials, from Ireland), 2.10 Racing, 3.00 News from Goodwood, 3.05 Evening, 3.30 Golf (the Panasonic European Open), 3.50 Evening, 4.50 Film: "The Last Days of Pompeii", 5.15 Regional programmes, 5.20 Film: "The Last Days of Pompeii", 5.45 Film: "The Last Days of Pompeii", 5.50 Film: "The Last Days of Pompeii", 6.00 Film: "The Last Days of Pompeii", 6.15 Film: "The Last Days of Pompeii", 6.30 Film: "The Last Days of Pompeii", 6.45 Film: "The Last Days of Pompeii", 6.55 Film: "The Last Days of Pompeii", 7.00 Film: "The Last Days of Pompeii", 7.15 Film: "The Last Days of Pompeii", 7.30 Film: "The Last Days of Pompeii", 7.45 Film: "The 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